THE CHINA WEEKLY

REVIEW

Devoted to the Economic, Political and Social Development of China and its Intercourse with Other Nations

JAPANESE POLICY

in connection with

—Chang Hsueh-liang and Manchuria

—The Military Situation in Shantung

—The Settlement of the Tsinan Incident

—The Blockading of the Tientsin-Pukow Railway

—The Negotiation of New Treaties

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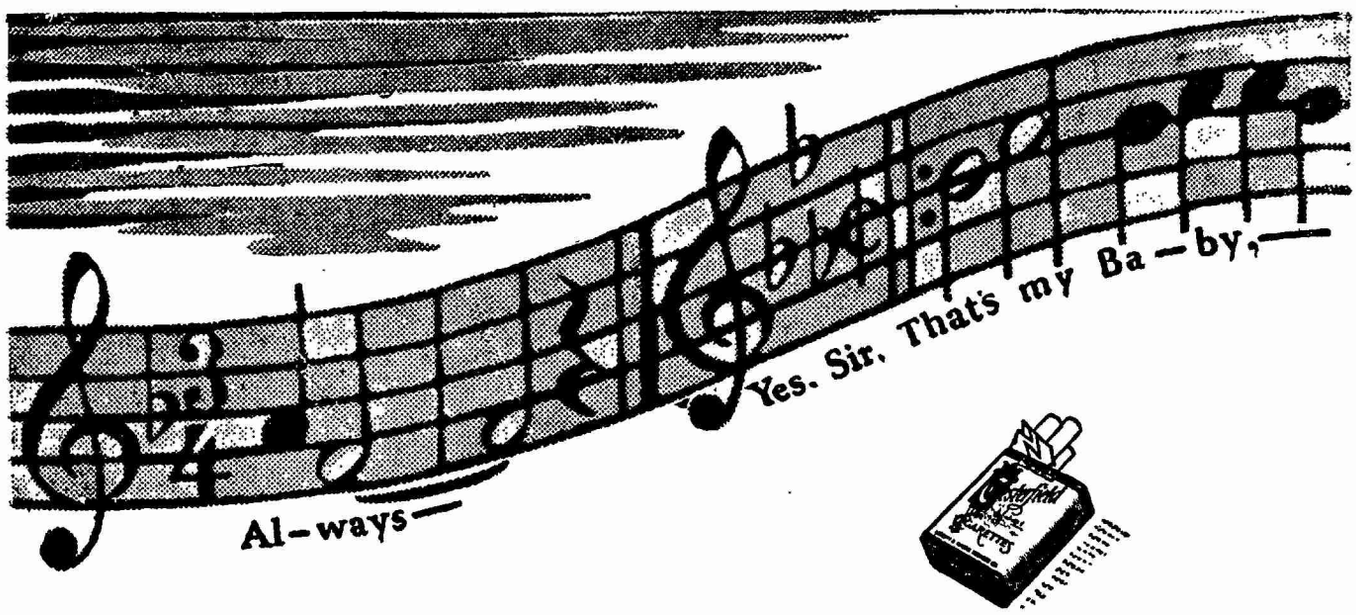

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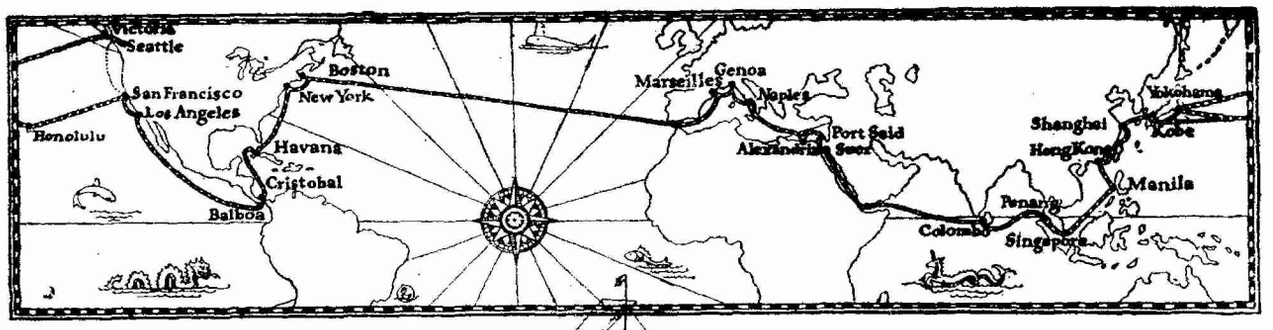

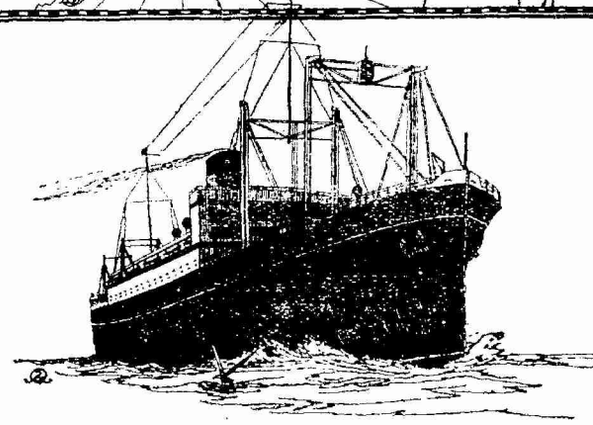

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Contents

Editorial Paragraphs
Japan's Alleged Warning to Chang Hsueh-Liang..... 277
Japan and the Military Situation in Shantung.. 278
Can China and Japan Settle the Tsinan Incident?..... 279
The Japanese Blockade of the Tientsin-Pukow Railway.... 282
Special Articles
Why Americans are Interested in the Shantung Case!.....
.....By Brig. Gen. Henry J. Reilly, O. R. C. 286.
Japanese News Reports on Chinese Situation..... 288
Young China Tackles the Floods...By Anna Louise Strong 291
China As a Field for Investment.. :..By Chien Tseng-mai 294
Leather Bags And Other Things.....By Geo. W. Missemer 298
Japan Takes Lead in Opposition to Treaty Revision.....
.....By J. B. P. 300
Men and Events..... 304
Who's Who in China..... 304
From the Chinese Press..... 305
New Books of Interest in the Far East..... 308
What the Ships Carry between America and China..... v

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JAPAN'S ALLEGED WARNING TO CHANG HSUEH-LIANG

THE NATIONALIST Government and Gen. Chang Hsueh-liang have been negotiating for some time on the question of bringing Manchuria under the jurisdiction of the Nationalist Government, the terms being that the Three Eastern Provinces, Shengking, Kirin and Holungkiang, shall unfurl the Nationalist flag, accept the Three Principles of Sun Yat-sen and obey the orders of Nanking. The negotiations were on the point of successful conclusion when the Japanese Consul-General in Mukden Mr. Hayashi called on the Young General and, according to a *Reuter* report from Tokyo on July 22, advised him against joining hands with the Nationalists "until the situation in China had become more quiet and the Nationalist Government was in a position to observe international courtesy." The reference to the observance of "international courtesy" apparently was based upon China's recent action in notifying Japan of the termination of the Sino-Japanese commercial treaty which expired in the fall of 1926 but which had been extended to July 20 of this year owing to the inability of Japan and the Peking Government to reach an agreement on a new treaty. In view of the fact that the action of the Japanese Consul-General in Mukden in warning Gen. Chang Hsueh-liang against joining the Nationalist Government, constituted another glaring case of Japanese interference in the internal affairs of the Chinese Republic, the Japanese Foreign Office in Tokyo, has, in accordance with its usual practice, denied the report. A later report also by *Reuters* on July 22 stated "that the Japanese Foreign Office officials and others had denied that such warning had been given as they believed the international results of such a step would be unfortunate." In addition to this the Chinese Minister in Tokyo, on July 23 wired the Nanking Government to the effect that the Japanese Foreign Office "had categorically denied that the Japanese Government had issued any such warning to Gen. Chang Hsueh-liang."

HOWEVER, despite the official denials of the Japanese Foreign Office, such a warning was given, for still another report by *Reuters* stated that the action of the Japanese Consul-General in Mukden was taken upon the direct instructions of General-Baron Tanaka, the Japanese Premier who ordered that the warning should be delivered to Gen. Chang *"in the hope that it would dissuade Manchuria against a Nationalist alliance because he felt that Japan's position in Manchuria would be jeopardized if Nationalist rule predominated."* Still further evidence on the question was provided on July 23 when the *Kuo Min* news agency (Nationalist official agency)

circulated a dispatch stating that as a result of the threatening attitude of the Japanese authorities in Mukden, Gen. Chang Hsueh-liang had decided to "hold in abeyance" the circular telegram announcing his adherence to the Nationalist Government which he had planned to issue on July 21. The same *Kuo Min* dispatch stated that the Japanese Consul-General in Mukden *"upon learning that Gen. Chang Hsueh-liang was planning to accept the Nationalist Regime in Manchuria, immediately sent Gen. Chang a warning and threatened to adopt forcible measures, if the Three Eastern Provinces should fly the Nationalist flag and permit the Nationalist Forces to advance beyond the Great Wall."* As a result of the Japanese ultimatum Gen. Chang Hsueh-liang replied to the Japanese authorities stating that his actions in Manchuria must be guided by the wishes of the people who desired to join the Nationalist Government. It was also stated that various public organizations in the Three Eastern Provinces had decided to issue a circular telegram on their own ihitiative, announcing their determination to obey the Nationalist Government and fly the Nationalist flag.

THIS RECENT act of Japan in meddling in the internal political affairs of China, which is similar to the ultimatum delivered to Marshal Chang Tso-ling at Peking a few weeks ago, not to mention Japan's present activities in Shantung, constitutes another addition to the rapidly growing list of Japanese violations of the Washington Conference treaties guaranteeing the political, territorial and administrative integrity of the Chinese Republic. That these irresponsible actions of General-Baron Tanaka's government are rapidly causing international uneasiness is becoming increasingly evident. The *Shun Pao*, one of the leading Chinese newspapers in Shanghai on July 23 published a dispatch from Peiping stating that Japan's actions in interfering with the unification of the Three Eastern Provinces was looked upon by the Diplomatic Corps as a gross interference in the internal affairs of China and declaring that the prevailing opinion among the foreign ministers in Peiping was that the Powers could not remain indifferent to this action of Japan since it constituted a direct violation of the principles contained in the Washington Conference Agreements. The trouble is due, of course, to the fact that Japan is now dominated by an irresponsible military government which is over-riding the civilian authority as represented by the officials of the Japanese Foreign Office. This situation is particularly evident in Shantung where Gen. Fukuda, the Japanese General at Tsinan, is operating with a free hand and entirely disregarding the advice of the Japanese Consul, Mr. Nishida, who has been relegated to the position of a sort of office boy. Foreigners in Tsinan who have observed the development of Japanese military policy in that city state that the Japanese Consul was not informed of the twelve-hour ultimatum which Gen. Fukuda delivered to Gen. Chiang Kai-shek and that there was no one in Tsinan who was greater surprised than the Japanese Consul himself when Fukuda began the bombardment of the walled city and its undefended Chinese population.

JAPAN AND THE MILITARY SITUATION IN SHANTUNG

THE *Shanghai Times*, which seems to be better informed on Japanese activities and policy toward China than the other Shanghai newspapers, published a report from Tokyo in its issue of July 23 which stated that the Japanese War Office had decided to postpone indefinitely the evacuation of some 6,000 of their troops which they announced were to be withdrawn during the present month. According to the original announcement these troops belonging to the 6th Division and largely composed of reservists, were to be withdrawn in lots of 2,000 beginning July 16 and extending to the end of the month. The first lot withdrawn was properly photographed at the Tsingtao jetty and the withdrawal cabled all over the world from Tokyo. Now comes the announcement that further withdrawal of Japanese troops has been postponed "owing to the serious situation which has developed in Shantung Province." Which leads to a consideration of the "serious situation" prevailing in Shantung Province where Japan has some 24,000 troops stationed in Tsingtao and Tsinan and along the 250-mile Chinese Government Railway connecting the two cities. The first lot of Japanese troops withdrawn from Tsingtao was on July 16. On July 19, or three days later there was a clash between Japanese troops and a section of Chinese Northern troops at the town of Kaomi a short distance west of Tsingtao on the Tsinan-Tsingtao Railway. Five Japanese soldiers were killed and some 20 wounded while the casualties on the Chinese side were reported at 500. Then on July-22 fighting broke out at Chefoo, several miles north east of Tsingtao between Chinese military factions, one group claiming to represent the Nationalists and another Gen. Chang Chung-chang, the former Fengtien bandit-tupan of Shantung. The force claiming to represent the Nationalists was defeated and the Northerners apparently have returned to power in that area and are again flying the old five-barred flag.

THESE reports about the activities of Northern troops in Shantung Province are difficult for the average newspaper reader to understand, because the Nationalist armies passed through western Shantung early last May and aside from the sections of the province controlled by the Japanese, are supposed to dominate that area. This is not a fact, for while the Nationalist troops under Generals Chiang Kai-shek and Feng Yu-hsiang passed through western Shantung, they were immediately expelled from a zone of about 20 miles in diameter about Tsinan and along the Tsinan-Tsingtao Railway and since this railway practically splits Shantung in an east and west direction, it means that the Nationalist troops in the province are split into two sections, one south of the railway and the other north. The provincial government is established at the city of Taian about 65 miles south of Tsinan, but owing to the Japanese "neutral" zone at Tsinan which includes and blocks the Tientsin-Pukow Railway, the Chinese provincial administration cannot communicate directly with that portion of the province north of the Tsinan-Tsingtao Railway. So much for the western part of the province: the situation in the eastern part of the province is worse, for that portion of the province, which is a mountainous area is completely over-run with some 30,000 Northern Chinese troops and bandits which the Nationalists have been unable to subdue owing to the Japanese control of the railway and Tsingtao the chief Shantung port which communicates with the outside world. For a considerable time after the Japanese occupation of Tsingtao, the Japanese permitted some 10,000 Northern troops to remain within the Kiaochow Bay area within the Japanese "Zone," but owing to charges of favoritism the Japanese finally forced the Northern troops to evacuate the area about Kiaochow

Bay, but still permit the Northern commanders to reside in Tsingtao. It is next to impossible to get at the real facts in the situation but well informed Chinese in Tsingtao declare that these Northern troops in the eastern end of the Shantung peninsula and in the area around Chefoo are financed largely from the revenues of Tsingtao which is still controlled by the Northern faction and which is still flying the old five-barred flag from the Administration building. According to one Chinese in Tsingtao the Northern Chinese administration in Tsingtao which is kept in office by the Japanese, is regularly remitting funds to Gen. Chang Chung-chang the former tupan of the province who is now established in the vicinity of Shanhaikwan north of Tientsin where the Peiping-Mukdeen Railway passes near the Gulf of Chihli and where the Japanese have one of their military forces stationed. In Tsingtao and Tsinan one constantly hears rumors that Gen. Chang Chung-chang is "coming-back" and the recent fighting at Chefoo would indicate that there may be something more to it than rumor. The disturbed situation which exists in Shantung thus plays into the hands of the Japanese interventionists, for they can always say that conditions are too disturbed to warrant withdrawal of their troops. The Japanese refusal to permit the Nationalist Government to function within the Japanese so-called "neutral" zone also plays into the hands of the Shantung bandits who have flocked into the area and to whom the Japanese are alleged to be selling arms. The situation in Shantung has thus degenerated into a vicious circle. The Japanese claim they cannot evacuate owing to the disturbed conditions and conditions are bound to continue disturbed as long as the Japanese remain in the province owing to reasons explained in the foregoing. The Japanese military party is playing a desperate game in Shantung Province just as they are playing it in Manchuria!

Can China and Japan Settle the Tsinan Incident?

THE SITUATION in Shantung Province is most critical and after a consideration of the immediate and remote phases of that situation, one reaches the inevitable conclusion that it is extremely doubtful whether China and Japan will ever be able without outside assistance to adjust their differences. It required the friendly mediation of America and Great Britain to enable China and Japan to settle their differences over Shantung at the Washington Conference and from present appearances such mediation may again be necessary. The present Shantung situation bristles with disputed points which undoubtedly would puzzle an impartial international commission of investigation. China has unofficially suggested such an international investigation but Japan has refused to consider it and insists that the Tsinan incident must be settled by China and Japan without outside interference.

And what does Japan want? Aside from reports in the newspapers and countless rumors which one hears whispered about in Tsingtao and Tsinan, there has been no official statement of what Japan would consider as a suitable settlement of the Tsinan case. First, Japan wants an apology which China insists she will not give, claiming that the stationing of Japanese troops in Tsinan, the capital of Shantung province constituted a violation of China's territorial integrity. Second, Japan wants indemnification for the killing of her citizens and losses to Japanese property in Tsinan. China replies that there would have been no trouble had there been no Japanese troops. China also has a considerable bill for property losses as a result of the Japanese bombardment of the walled city of Tsinan and the killing of her Commissioner of Foreign Affairs, Mr. Tsai Kung-hsi. Aside from these two obvious demands—an apology and monetary indemnification—there are countless rumors in circulation as to what Japan wants. One is that Japan is demanding the establishment of a municipal government in Tsingtao which would contain strong Japanese representation. Another is that Japan wants "international" control of wharves and harbor at Tsingtao. Another is that Japan is demanding the establishment of a Japanese concession at Tsinan. Still another is that Japan wants Japanese control of the Shantung Railway and the coal and iron mines along that line. And finally there is a rumor that Japan is attempting to make China pay the cost of the Japanese intervention in Shantung, which the Japanese themselves state has already run to approximately Yen 40,000,000 or practically the original cost of the Tsinan-Tsingtao Railway.

As the situation now stands in Shantung Province, the Japanese have garrisons at Tsingtao and Tsinan and along the 250-mile railway connecting the two cities. The exact number of Japanese troops in the province is unknown, the figures supplied by the Japanese themselves being conflicting. Neutral foreigners in Tsingtao placed the number at somewhere in the neighborhood of 20,000 to 24,000 on July 1. Since that time some troops have been withdrawn, the Japanese statement being that 7,000 were to be withdrawn during July. If this is correct it would leave 14,000 or 15,000 in the province, some 5,000 being in Tsinan. The 7,000 to be withdrawn in July were of the reservist class, otherwise merchants and shopkeepers, farmers and so on who were demanding that they be permitted to return home to their families and work. In addition to the reservists, the Japanese are also sending home some 3,000 cavalry horses which were taken to Shantung at the beginning of the intervention program. The Japanese have discovered that the cost of maintaining the horses exceeds that of the men. Owing to the near-famine conditions which are prevailing in Shantung, it has been necessary to transport food for the horses from Japan, which has naturally been a costly matter and in addition it has required at least one man to care for every three horses. Japan's reason for taking such a large number of cavalry horses to Shantung has constituted a source of considerable puzzlement to neutral military observers and by some is thought to have been inspired by a possibility of active warfare with Marshal Feng Yu-hsiang's Mongolian cavalry. Others state that it was merely a part of the Japanese General Staff plans for intervention in China and that the horses were taken along simply because they were on the schedule along with the armored cars, two-wheeled carts, airplanes, and so on.

The Japanese officials in Shantung, military and civilian, reiterate that their only purpose is to protect the lives and property of their nationals and that as soon as the Tsinan incident is settled and China is in a position to guarantee security for Japanese interests in Shantung the Japanese troops will be withdrawn. But they paint a gloomy picture of Shantung conditions and forecast gloomier conditions in the future. The Japanese appear to be convinced that a split in the Nationalist camp is inevitable. They claim to have positive information that active

warfare is shortly to develop between Feng Yu-hsiang, Yen Hsi-shan and Chiang Kai-shek. They produce maps to prove that conditions now existing in Shantung Province are closely akin to anarchy. They state that the eastern half of Shantung is the prey of roving bands of Chinese soldiers and bandits who carry two flags, one Nationalist and the other the old five-barred flag; that these bands of soldiers are constantly fighting each other and looting the countryside. They allege that there is rivalry in Shantung between Feng Yu-hsiang and Chiang Kai-shek and that there is certain to be fighting between these two generals. They declare that the territory adjacent to the Japanese so-called "neutral" zone of 20-li (7-miles) about Tsinan and Tsingtao and along the railway connecting the two cities, is over-run with "plain-clothes" men who are attached to the Nationalist armies and that these men have been sent into the province for the purpose of causing trouble by harassing the Japanese troops and Japanese interests. They allege that these "pien-i-tei" (便衣隊) or "conveniently-clothed" Nationalist agents are responsible for strikes at the Japanese coal mines along the Tsinan-Tsingtao Railway and that attempts have been made to cause strikes among the 3,000 workers employed on the Tsingtao docks, the purpose being to embarrass the Japanese troop movements.

The Chinese on their side deny the existence of "plain-clothes" agents and allege that they are nothing more than Shantung bandits or self-styled revolutionists who have flocked into the "neutral" zone outside of the Japanese lines for the purpose of taking advantage of the disturbed situation and lack of governmental authority and that these irresponsible elements are cooperating with a horde of Japanese hangers-on who have flocked into Shantung with the Japanese troops and are engaged in the illicit sale of narcotics and firearms. In regard to their slowness in establishing administrative control in Shantung outside of the Japanese zone, the Chinese allege Japanese interference and allege that the Chinese officials functioning in Tsingtao and on the Shantung Railway, who were originally appointed by Gen. Chang Chung-chang, are being maintained in their positions by the Japanese military authorities and that no Nationalist officials are permitted to enter the Japanese sphere. The Chinese in Tsingtao allege that the Tsingtao Chinese authorities are regularly remitting funds to Gen. Chang Chung-chang in Manchuria and that the money is being remitted through the Yokohama Specie Bank. They also allege that an unofficial Nationalist agent named Yin Pao who was sent to Tsingtao by the Nationalist Ministry of Foreign Affairs for the purpose of investigating conditions, was arrested by the Japanese military at the Novelle Hotel in Tsingtao and after being detained at the Japanese military headquarters for one night was deported to Chefoo. The Chinese in Tsingtao and Tsinan allege that constant searches of Chinese residences are made by the Japanese military for the alleged purpose of discovering "plainclothes" men and that Chinese of known Nationalist sympathies are subject to persecution, one case of this kind being an official of the Tsingtao wharf and harbor administration who was arrested on the allegation that the Nationalist Government had sent him the sum of $200,000 for the purpose of fomenting communistic intrigue in the Kiaochow area. Then in addition to the foregoing the Chinese allege that the Japanese are constantly threatening to take over the administration of Tsinan, the Shantung Railway and the wharf and harbor administration in Tsingtao and furthermore that they are forcing the various Chinese administrative departments to employ Japanese assistants and advisers. According to one Chinese in Tsingtao the Tsingtao Wharf and Harbor Administration recently has been forced to employ three Japanese advisers, their salaries ranging from $225 to $500 monthly; that the Tsingtao Port Commission has six Japanese advisers; the Police Department 2 Japanese advisers; the Waterworks 2 Japanese advisers who displaced Germans; that the Tsinan-Tsingtao Railway has a Japanese chief-accountant, traffic manager and several Japanese engineers and that the Chinese Maritime Customs at Tsingtao has a deputy Japanese Commissioner, ten senior clerks and all officials of the outdoor staff are Japanese. The Commissioner of Customs, however, at Tsingtao is of British nationality.

On the other hand there are some Chinese in Tsingtao who declare that there has been no Japanese interference with the Chinese administration in Tsingtao or with the railway. This is particularly true of Mr. Chao Chi, the director of the Tsingtao Port Administration or "Governor" as he is popularly called and of Mr. Chao Lan-tien, director of the Tsinan-Tsingtao Railway. Both of these men, who owe their appointments to Gen. Chang Chung-chang the former Tupan of Shantung, are native Shantung men and really date back to the German administration in Shantung prior to the World War. Both were educated under German auspices and served as apprentices under the old German administration. Chao Chi and Chao Lan-tien both declare that there has been no interference with their work since the coming of the Japanese troops and even go so far as to state that the stationing of Japanese troops along the Shantung Railway has prevented the Chinese troops and bandits from interfering with the operation of the line. They also state that the Japanese have abolished all of the so-called illegal taxes which Gen. Chang Chung-chang imposed both in Tsingtao and Tsinan and on the railway. Curiously to relate, this is now the only place in the Chinese Republic south of the Great Wall where the old Chinese five-barred flag is still flown, it being seen in Tsingtao on the administration building, on the Chinese gunboats in the harbor and on the railway administration buildings. Mr. Chao Lan-tien, the director of the Tsinan-Tsingtao railway stated that the Japanese have paid the railway administration more than $100,000 for troop transportation since the Japanese intervention and this despite the fact that the railway owes the Japanese the sum of $2,400,000 for interest on the railway loan which has been defaulted on account of the extortions of Gen. Chang Chung-chang the former Shantung Tupan.

Officials of the Wharf and Harbor Administration, however, claim that the Japanese have refused payment of wharfage fees on their troop-ships and that a considerable sum of money is due the Chinese on this score. They also allege that the Japanese military is most exacting in its demands for wharfage service and docking space for their troop ships and in one instance demanded a space which had previously been assigned to an American ship, the *s.s. Montana* which was loaded with lumber from the Pacific Coast. This incident was adjusted through the mediation of the American Consul at Tsingtao who is reported to have stated that the trouble was due to a misunderstanding regarding the time of the arrival of the Japanese troop ships.

Very little satisfactory information may be obtained in Tsingtao from foreigners occupying a neutral position such as the Americans, Britons or Germans, each being swayed by his personal interests

and connections with the Chinese or Japanese. As stated previously in these columns many foreign tourists in Tsingtao whose sphere of activities do not extend beyond the summer hotels and the bathing beach, are convinced that the Japanese troops prevented everybody from being massacred when the Nationalists swept into Shantung Province last spring and that the Tsingtao bathing beach would be immediately overrun with Chinese bolsheviks and communists if the Japanese troops were withdrawn. It is a fact however, that Tsingtao is peaceful on the surface for foreigners, regardless of the situation affecting the Chinese population. While the Japanese troops were very much in evidence at the beginning of the intervention with much marching and countermarching about the streets, this has now been stopped and the Japanese troops are largely confined to their barracks and are not much in evidence on the streets with the exception of frequent patrols and sentries stationed in front of the various Japanese barracks. There are three chief Japanese barracks in Tsingtao, one being located near the Golf Course, another known as the Wakazuki Barracks at the Tsingtao Brewery, a Japanese concern and another in a Japanese property near the factory of the Shantung Tobacco Company, a subsidiary oft he British-American Tobacco Company of Shanghai. Then in addition there are said to be smaller contingents stationed in the old German military barracks about the Kiaochow Bay area. All of the Chinese Northern troops numbering some 30,000 formerly stationed in the Kiaochow Bay area and along the Tsinan-Tsingtao Railway in eastern Shantung have been expelled from the Japanese 20-li zone, although some Chinese in Tsingtao allege that the Commanders still reside within the area. These northern troops were formerly under the control of Gen. Chang Chung-chang's subordinates such as Liu Chi-liu, Chu Shang-ping, and Kuo Chin.

The Nationalist authority in Shantung is centered at Taianfu, a town located on the Tientsin-Pukow Railway about 65 miles south of Tsinan, the provincial Capital. From this point the authority of the Nationalists extends to the vicinity of Poshan about midway between Tsinan and Tsingtao and then fades off toward the southeastern border of the province to Haichow on the Yellow Sea at the eastern end of the Lung-Hai Railway. The situation at Chefoo, the port on the northern coast of the Shantung peninsula seems to be confused, the troops in that area flying the Nationalist flag and claiming allegience to the Nationalist Government. The Chinese in both Tsinan and Tsingtao expect Shantung to ultimately come under the control of Marshal Feng Yu-hsiang and prevailing sentiment favors his administration. The Japanese, however, are not enthusiastic over the prospects of Feng's control of Shantung and allege that his administration may be more detrimental to Japanese interests than was the administration of Gen. Chang Chung-chang. One prominent Japanese official declared that the Japanese troops would be forced to remain in Shantung until the Chinese were in a position to guarantee that there would never be another Chang Chung-chang stationed in the province. "What assurances have we that there will not be another Chang Chung-chang masquerading under the Nationalist flag?" queried this Japanese. One does not have to talk very long with almost any Japanese in Shantung province to discover a profound dislike and distrust of the Chinese nationalists. Another Japanese official in Shantung in referring to the clash between Chinese and Japanese troops in Tsinan always used the word "war" and then corrected himself by calling it a "fight" or an "incident" but this may have been due to unfamiliarity with the English words.

To refer back to the Tsinan incident, no benefit may now be derived from an attempt to fix responsibility. Neutral foreigners are almost unanimously of the opinion that Japan's action in sending troops to Tsinan which is located more than 250 miles from the coast over a Chinese-controlled railway which the Japanese could not protect, was a terrible mistake for if Japan's object was the protection of Japanese lives and property, the result was abject failure for some 15 Japanese civilians were killed and according to the Japanese reports more than 100 Japanese shops were looted. The Japanese residents at Tsinan should have been withdrawn to Tsingtao for protection and while this would have entailed considerable expense, it would have been infinitesimal compared with the cost of the present Japanese intervention which has already reached Yen 40,000,000, which itself is small when compared with Japanese trade losses due to Chinese animosities which have been stirred up all over China and even among the millions of Chinese residing abroad.

The Japanese intervention in Shantung, because of its extensive nature, has also had the effect of creating considerable suspicion in both America and Europe as to Japan's real motives, the allegations being freely made that the purpose was to block the Nationalist advance against Marshal Chang Tso-ling and since that failed, the troops are being kept in Shantung as a bartering point for further concessions in Manchuria or in connection with the negotiation of a new Sino-Japanese commercial treaty, the revision of the Chinese tariff, the payment of Japan's loans to China which are in default and so on. The Japanese intervention in Shantung has also had the inevitable effect of further inspiring the Chinese toward a military career and a desire for revenge, this being evident in recent public statements of many prominent Chinese officials. Still another effect of the Japanese intervention in Shantung has been to revive talk of Japanese-American friction, something which has been dormant since the Washington Conference. Now one hears talk on every side, particularly among the Chinese in Shantung of increasing friction between the Japanese and Americans, the Chinese apparently obtaining their inspiration from certain Japanese military propaganda sources.

In view of these various complications, Sino-Japanese, Japanese-American and even more far reaching in the direction of another world war, it is obvious that the Tsinan incident should be settled as quickly as possible and the Japanese troops withdrawn from Shantung Province. If the Chinese and Japanese are unable to settle their troubles satisfactorily through direct diplomatic negotiations, then some friendly move should be made from the outside to assist them. The present situation in Shantung is pregnant with trouble of a far-reaching character. Japan is bound by the conditions of the Washington Treaty to respect the territorial and political integrity of Chinese territery. And China, on the other hand is also bound to put her own house in order and provide an administration in Shantung province which would provide reasonable security for legitimate foreign interests. China has not done this for the past three years due to the mal-administration of the Fengtien bandit-general Chang Chung-chang. China did, for a considerable period following the Washington Conference, give a fairly good administration in Shantung, but this all went by the boards when Chang Chung-chang and his White Russian mercenaries came into the province. The Japanese, owing to

their large investments in Shantung and the proximity of the Shantung peninsula to Japan, have a right to expect a decent and reasonably efficient Chinese political administration of that province. Also America, Great Britain, France and the other nations signatory to the Washington Conference agreements, likewise have a right to expect the Chinese people to put their Shantung house in order and remove causes of friction which are likely to cause international trouble.

From a practical standpoint, the Chinese and Japanese losses resulting from the Tsinan incident just about balance or offset each other. The Japanese claim that fifteen of their civilian residents were murdered by the Chinese troops. This is offset by the Japanese killing of Tsai Kung-hsi, the Chinese Commissioner of Foreign Affairs and his staff, the number being equal to the Japanese civilian losses. The Japanese property losses resulting from the lootings of Chinese troops is offset by Chinese losses resulting from the Japanese bombardment of the city of Tsinan. The Japanese claim the loss of some 200 of their troops, but this certainly is balanced by the Japanese slaughter of some 1,000 Chinese troops and several hundred civilians. Neither Japan nor China will accomplish anything by demanding indemnities for China is unable to pay and the Japanese will refuse to pay. The longer the Japanese troops remain in Shantung the harder it will be for China and Japan to arrive at a satisfactory settlement of their troubles. Also the longer the Japanese troops remain, the harder it will be for the Chinese to establish a *moderate* government in that area. It is perfectly apparent that the Chinese situation in Shantung is rapidly drifting in the direction of radicalism. The longer the Japanese troops remain the greater the likelihood of incidents owing to the increasing inability of the moderately inclined Chinese to control the situation.

All Chinese territory south of the Great Wall is now controlled by the Nationalists, the first time since the revolution in 1911 that one authority has controlled the whole country. Chinese business men, bankers, returned students, modern educated men and women in all parts of the country are trying to unify the country, and bring its institutions into accord with the rest of the world. Japan has been aspiring to a position of leadership among Oriental peoples. Japan's present activities in China are rapidly destroying the gains accomplished by the "friendship" policy which Japan adopted following the Washington Conference. The Chinese people are sick of war and their leaders are anxious to inaugurate a program of reconstruction. The Chinese leaders are trying to disband their surplus troops and put these men at constructive tasks. This cannot be done so long as Japan maintains a large army on Chinese soil. Japan is thus put in the position of blocking unification and progress in China. Japan is storing up trouble for herself both internally and internationally by her present Tanaka strong-arm policy in China. The Japanese Government recently recalled the various Japanese consuls to Tokyo for a conference on policy toward China. There is hope that this conference will result in a fundamental change in Japanese policy toward China and that this policy will be exemplified in an early settlement of the Tsinan incident!

The Japanese Blockade of the Tientsin-Pukow Railway

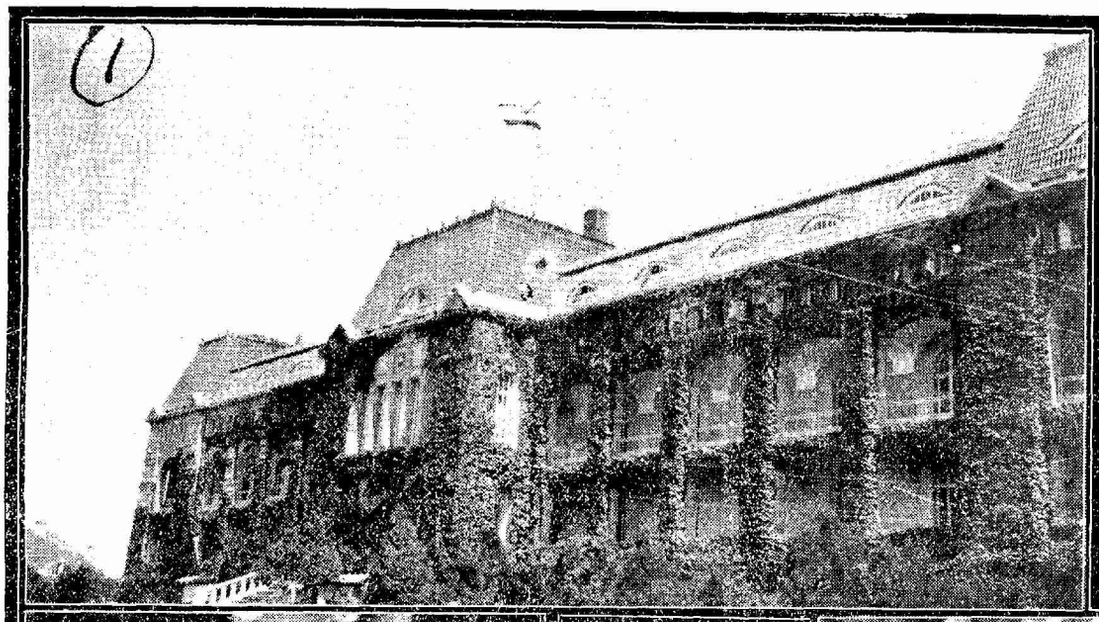
All China, or at least that portion of the country known as "China proper" south of the Great Wall is now under the control of one authority, the Nationalist Government which has its capital at Nanking. But despite this fact it is impossible for the Chinese people, or foreign residents of China, to travel by rail from the lower Yangtsze valley to Peking and Tientsin. The reason for this situation is not due to internal political complications, but to the occupation and blockading of a considerable section of the Tientsin-Pukow Railway in Shantung Province by the Japanese military under the command of Gen. Fukuda who is acting under the authority of the Japanese War Office in Tokyo.

Immediately following the Tsinan incidents of May 3 and 4 and succeeding days, the Japanese military at Tsinan declared and enforced a so-called "neutral" zone of 20-li (7 miles) about the city of Tsinan, the provincial capital of Shantung. In addition they occupied the 250-mile Chinese Government railway connecting Tsinan with the seacoast at Tsingtao. This was done for the purpose of protecting the line of communications for their troops, some 5,000 of whom are stationed in Tsinan. The Japanese claim that their action in stationing troops in Tsinan and along the Tsinan-Tsingtao Railway is for the purpose of protecting the lives and properties of their nationals.

But this contention cannot apply to the action of the Japanese military in occupying and blockading the Tientsin-Pukow Railway which operates in a north-south direction and connects Peking and Tientsin with the Yangtsze Valley. For those who do not understand the geography of this area, the city of Tsinan, the capital of Shantung may be reached by rail from three directions, north, south and east. Those desiring to reach Tsinan from Tsingtao must travel over the Tsinan-Tsingtao Railway which is now patrolled by the Japanese military, while persons desiring to visit Tsinan from either Tientsin or Shanghai must travel over the Tientsin-Pukow Railway, a Chinese Government-owned line. The Japanese have a loan of some $40,000,000 on the Tsinan-Tsingtao Railway upon which the interest to the amount of $2,400,000 is in default. This might be argued as an excuse for their present military patrolling of this line. But this excuse cannot be applied to the Tientsin-Pukow Railway with which the Japanese have nothing whatever to do. But they are having much to do with this Chinese Government-owned Railway, for they have seized a section of about 20 miles on each side of Tsinan and are patrolling it with their troops and are thereby preventing the Nationalist Government from resuming transportation between the lower Yangtsze Valley and northern China. They seized this section of the Tientsin-Pukow Railway on May 3 and are still holding it today.

Immediately after seizing the line they sent a force south of Tsinan and blew up an important bridge, their announced purpose being to prevent a possible attack by the Nationalist forces at Tsinan which are controlled by Generals Feng Yu-hsiang and Chiang Kai-shek. They are also maintaining an armed patrol at the southern end of the Yellow River bridge which is located about ten miles north of Tsinan. The business loss to Chinese and foreign merchants by the Japanese blockading of the Tientsin-Pukow Railway to the present has been estimated at

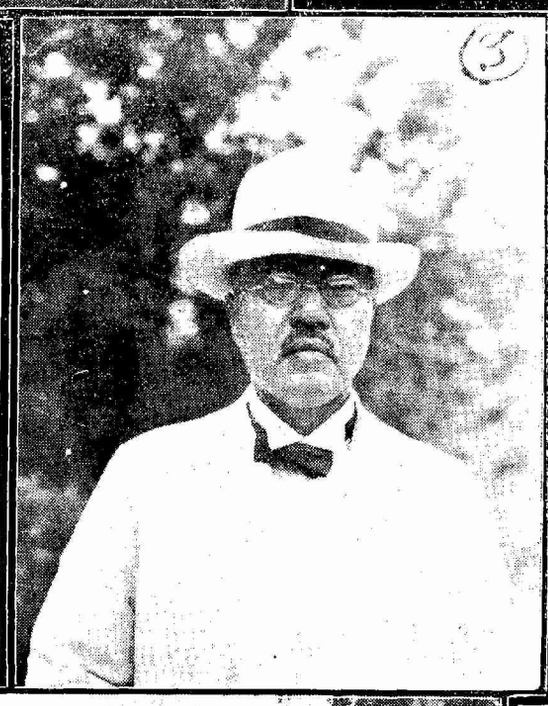
THE JAPANESE IN SHANTUNG PROVINCE

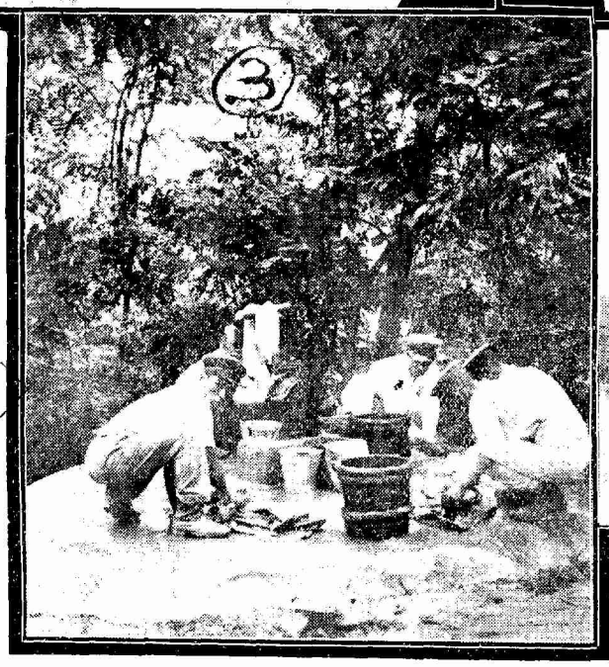


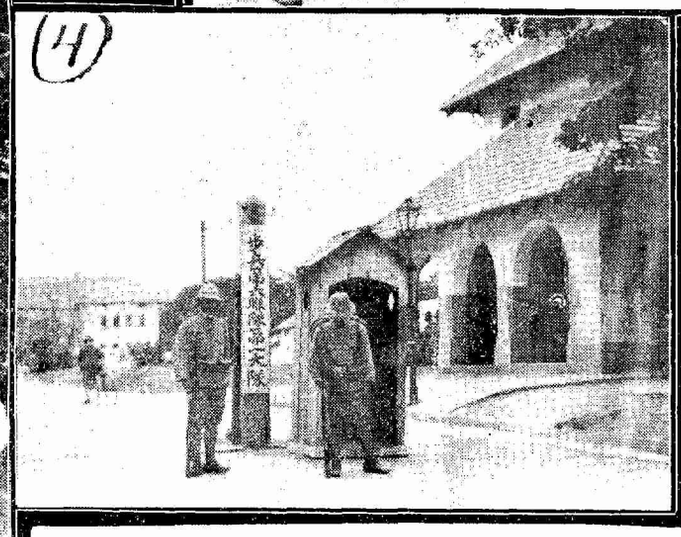
1—The Administration Building or "Government House" in Tsingtao, where the Governor of the Kiaochow Port Administration, Mr. J. C. Chao Chi has his headquarters. This building was originally constructed during the German administration and then in 1914 was taken over by the Japanese and then following the Washington Conference was handed back to the Chinese. This is the only administration building in China proper which still flies the old "five-barred" Chinese flag.

Left—General Fukuda, Commander of the Japanese forces at Tsinan who was responsible for the ultimatum and bombardment of the walled city of Tsinan, and who, according to report acted without the authority or knowledge of the Japanese Consul at Tsinan.

Right—Mr. Nishida, Japanese Consul at Tsinan who was present in the city through the Tsinan incidents of early last May when serious fighting developed between the Chinese and Japanese troops and which still constitutes a source of serious friction between China and Japan.

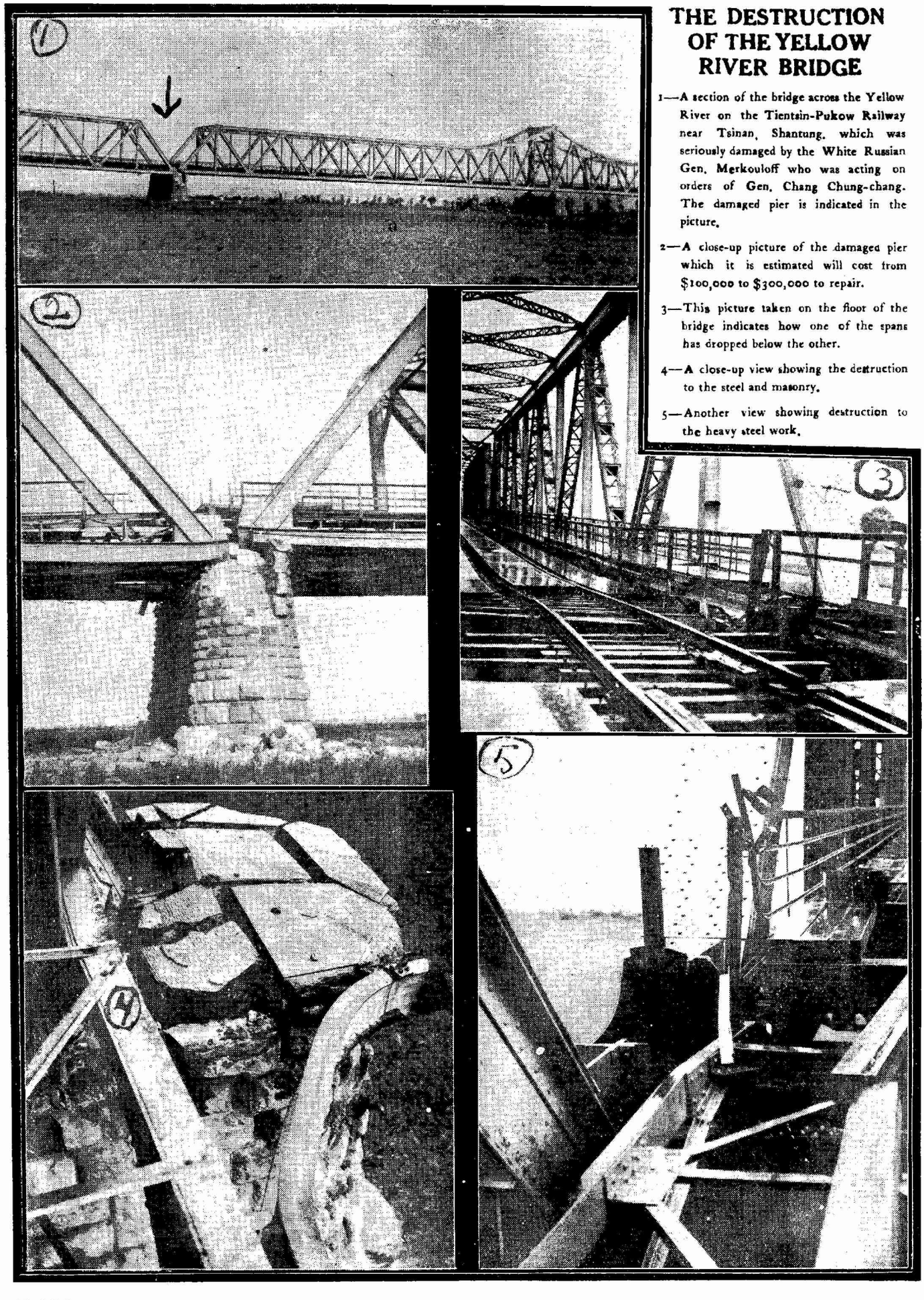






3—Japanese soldiers doing their own laundry work at a spring on one of the outlying roads near Tsingtao.

4—One of the barracks at Tsingtao which is occupied by Japanese troops. These barracks were originally constructed by the Germans and later on after the redemption of Shantung were taken over by the Chinese. Now the Japanese have chased the Chinese Northern troops out of the area and have taken over the barracks themselves.



THE DESTRUCTION OF THE YELLOW RIVER BRIDGE

1—A section of the bridge across the Yellow River on the Tientsin-Pukow Railway near Tsinan, Shantung, which was seriously damaged by the White Russian Gen. Merkouloff who was acting on orders of Gen. Chang Chung-chang. The damaged pier is indicated in the picture.

2—A close-up picture of the damaged pier which it is estimated will cost from $100,000 to $300,000 to repair.

3—This picture taken on the floor of the bridge indicates how one of the spans has dropped below the other.

4—A close-up view showing the destruction to the steel and masonry.

5—Another view showing destruction to the heavy steel work.

$7,000,000. As a result of this action the Chinese and foreign merchants who normally use this railway are suffering enormous losses and reconstruction is being delayed in that area. In addition the Japanese occupation of this line is having a bad political effect because it is preventing communication by passenger train or mail trains between North and South China. It was reported in Tsinan a few days ago that the Chinese postal authorities had requested the Japanese authorities for permission to transport mail by motor-truck through the Japanese zone at Tsinan thereby connecting with the ends of the Tientsin-Pukow Railway outside the Japanese zone, but the Japanese are reported to have refused unless the Chinese postal authorities would agree for the Japanese military to open the mail packages and censor the mail.

Recently an important American shipping company at Shanghai made inquiry of the officials of the Chinese Ministry of Communications whether it would be possible for a large number of American tourists to travel from Peiping to Shanghai over the Tientsin-Pukow Railway. The Chinese replied that it would not be possible because of the Japanese blockading of the Tientsin-Pukow Railway at Tsinan. This is but one example showing how the Japanese action at Tsinan is embarassing other nationals in China in addition to the Chinese. A few days ago the Nationalist Ministry of Communications announced that a "skeleton" train service between Shanghai and Peiping had been instituted by sending trains around by way of the Lung-Hai and Peiping-Hankow lines. This service will require some 60 hours to make the journey from Shanghai to Peiping or vice versa. In order to make the trip it will be necessary for passengers from Shanghai to travel to Hsuchowfu in northern Kiangsu Province, thence westward over the Lung-Hai line to Chengchow, Honan Province and then north to Peiping over the Peiping-Hankow Railway. The distance from Shanghai to Peiping over this circuitous route is about double the distance that would be required by traveling over the Tientsin-Pukow line. Under ordinary conditions it requires only about 30 hours over the direct route.

Why are the Japanese blockading the Tientsin-Pukow Railway?

A few days ago the writer in company with a number of other foreign and Chinese newspapermen put this question to Gen. Fukuda, the commander of the Japanese military forces at Tsinan, the capital of Shantung Province. In this connection it was explained to Gen. Fukuda that the Japanese blockade of the Tientsin-Pukow Railway was proving most embarassing to all foreign interests in China who were anxious for the Chinese railways to be reopened in order that trade might revive. The Japanese general considered the question for a moment and then replied that it would not be able to resume transportation on the Tientsin-Pukow Railway until the Chinese had settled the Tsinan incident to the complete satisfaction of the Japanese. The fact that his action was interfering with the rights and interests of other foreign nationals in China apparently did not have any weight with this Japanese military commander whose ruthless action early last month will forever stain the record of Sino-Japanese relations.

There are some who believe that General Fukuda's action in respect to the Tientsin-Pukow Railway is dictated by economic considerations; in other words, by blocking transportation on this railway he is forcing freight and passenger transportation over the Japanese steamship lines which now practically monopolize the business between Shanghai and North China ports and especially between Tsingtao and Tientsin and Dairen. But it is scarcely possible that Japan would be guilty of such a short-sighted policy. The facts in the situation probably are that the Tanaka Government in Japan thinks that it is bringing pressure upon the Chinese authorities which will ultimately force them into a satisfactory settlement of the Tsinan incident. Then in addition there is also the possibility that the Japanese imperialists feel that by cutting this railway they are preventing or delaying the unification of North and South China, a fundamental phase of Japanese policy based upon the old "divide and rule" theory. The Chinese people generally believe that the real purpose of Japan's intervention in Shantung was to block the Nationalist drive against Marshal Chang Tso-ling. No one outside of the innermost circles in the Japanese Government knows the truth of this supposition held by the Chinese, but if it is true, the continued blocking of this railway is nothing more than a continuance of the Japanese policy, the Japanese knowing full well that transportation and communication is a fundamental requirement of political unification in China.

There is also one other element in this railway question which is of particular interest at this time. As stated in the foregoing, the Japanese hold a mortgage on the 250-mile Tsinan-Tsingtao Railway for $40,000,000. This was the original cost of the road when built by the Germans. When the road was returned to China following the Washington Conference, China agreed to repay Japan for the cost of the road, the payments to be spread out over several years with interest at 6 percent. The Chinese Government offered originally to repay Japan in a lump sum for the road and it is possible that they might have been able to raise the money immediately after the Washington Conference, but Japan did not want China to pay for the road all at once for that would have eliminated the Japanese interest in Shantung. The result was that payment was deferred and Japan was given a lien on the railroad which amounts to a lien on the whole province of Shantung. Owing to the military extortions of Chang Chung-chang, the Fengtien bandit-general who misgoverned Shantung for the past three years the Chinese were forced to default on the interest payments on the line. According to Mr. Chao Lan-tien the present director of the railway, who was appointed to his position by Gen. Chang Chung-chang, the line is now in default to the amount of $2,400.000. Recently when Gen. Chang Chung-chang, tupan of Shantung, was defeated and driven out of Shantung by the Nationalists, he took along with him practically all of the rolling stock of the Tientsin-Pukow and Lung-Hai Railways. But he didn't touch the rolling stock of the Tsinan-Tsingtao line upon which the Japanese hold a mortgage! An indication of rather close relations between the late Fengtien ruler of Shantung and the Japanese—which has had the effect of suggesting the possibility of other secret arrangements with the Japanese which have not yet come to light. Sometime ago the Nationalists discovered some of Gen. Chang Chung chang's correspondence which indicates that there may have also been a military understanding between Japan and Chang Chung-chang whereby Japan had agreed to support Chang in exchange for certain economic and political considerations in Shantung Province.

Some of the Japanese in Shantung state that even though the Japanese relinquished control of the Tientsin-Pukow Railway that it would not be possible to reopen the line owing to the damage which was done to the Yellow River Bridge, but foreign engineers

who have investigated the damages state that the bridge could be repaired in three months and that it might be repaired temporarily in a few weeks. Well, three months is three months and the longer the job is postponed the longer it will require to get the line back into operation. But even though it would require six months to repair the Yellow River bridge, it would be possible for the Ministry of Communications to operate trains on each side of the bridge and permit the passengers to walk across the bridge. Freight could also be transferred across on light trucks. But the Japanese will not listen to this and forbid any Nationalist officials, railway or otherwise to enter the Japanese zone.

The damage to the Yellow River bridge was caused by a charge of dynamite placed at the end of one of the spans by Gen. Merkouloff, one of the White Russians connected with Gen. Chang Chung-chang's army. According to a report current in Tsingtao the actual job was done by one of Gen. Merkouloff's sons, who was on Chang Chung-chang's armored train that covered the retreat of the Fengtien General's army. It is said that Chang Chung-chang first ordered one of his Chinese subordinates to blow up the bridge, but that the Chinese refused to do it, so he turned the job over to the White Russian. Well, the job was well done and according to estimates of German engineers it will cost more than $100,000 to make the repairs and three months time for the work. An inspection of the damages as shown in the pictures published in this issue of *The Review* show that the foundation or super-structure under the iron cantalever has been completely blown out causing the steel beams to fall directly on to the stone foundation. One side has fallen about three feet below the other which makes the matter of repairs difficult owing to the lack of suitable lifting equipment in China. It may be necessary to import this equipment from abroad before permanent repairs can be made which naturally would further extend the time for making permanent repairs.

There is one important element in the Japanese action in blocking the Tientsin-Pukow Railway which the Japanese Government apparently has overlooked and that has to do with the Nine-Power Treaty signed at the Washington Conference. This treaty, to which Japan is a signatory Power, contains this paragraph:

> *"The contracting Powers agree to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states, and from countenancing action inimical to the security of such States."*

If it is correct that Japan is blocking the operation of the Tientsin-Pukow Railway for the purpose of forcing China into a settlement of the Tsinan incident that would be satisfactory to Japan, then this obviously constitutes a violation of the Nine-Power Treaty. No one as yet knows definitely just what Japan would consider a "satisfactory" settlement of the Tsinan incident. In Tsingtao one hears various and conflicting rumors to the effect that Japan is trying to force the Chinese into the granting of a concession at Tsinan. Another rumor is to the effect that Japan is trying to force China to agree to the "international" control of the wharves and harbor at Tsingtao. Still another is that Japan wants to control the Kiaochow Bay area and the Shantung Railway until she can force China to pay for the cost of the Japanese intervention in Shantung, a matter of $40,000,000 which the Japanese would like to add to the $40,000,000 which the Chinese already owe to the Japanese for the Tsinan-Tsingtao Railway.

Why Americans are Interested in the Shantung Case!

BY BRIG. GEN. HENRY J. REILLY, O. R. C.
Special Correspondent Hearst Newspapers

NEW YORK,—Why have the Japanese and Chinese been fighting in Shantung? Are we Americans interested in any way?

Many newspaper dispatches say that the Japanese have been fighting to protect foreigners of all nationalities, including Americans, from attack by the Chinese. These accounts give the impression that there exists a situation in Shantung similar to the Boxer outbreak of 1900. Then this country, Japan and the principal European powers had to send troops to China to rescue foreigners who were being indiscriminately slaughtered by the Boxer Society, helped by the Chinese regular army.

Are we face to face with the necessity of going to war with China to protect our people, as we did in 1900; this time, however, having to send instead of a few thousand troops, a large force because of the greatly increased military efficiency of the Chinese armies?

The Nationalist Chinese, one of whose armies has been fighting the Japanese, claim that no such situation as 1900 exists. They say they are not anti-foreign; that they are only opposed to those foreign nations which attempt to occupy Chinese territory and interfere in the internal affairs of China. They say that the Nationalist party includes all the modern, educated Chinese, and has for its purpose the making of China into a modern nation, in just the same way that Japan was made into one.

They state that to do this they want foreign capital to help in the development of China, that they want foreigners to do business with it. They insist, however, that this must be done in the same way that America and Europe have done it in Japan, and that Europe has done it in the United States; that is without political control or interference.

The Annexation of Korea

They insist that as a consequence of this modern attitude, the Chinese who do not want any changes, who tried to throw everything foreign out of the country during the Boxer War of 1900 are just as much their enemies as they are the foreigners'.

They insist that Japan's actions in Shantung come solely from a desire to add to the Chinese territory she has been steadily seizing.

What does Japan's record in her dealings with China show? In the past has she merely protected the lives and property of Japanese from Chinese savagery, or has she done more than this?

Three wars give the record; one with China in 1894-1895, one with Russia, 1904-1905, and one with Germany, 1914-1918.

At the beginning of the war with China, Japan signed a treaty with Korea. In it were the words, "the object of the alliance is to maintain the independence of Korea on a firm footing."

In 1898, Japan signed an agreement with Russia, in which were the words, "the (two governments) recognize definitely the sovereignty and entire independence of Korea, and pledge themselves mutually to abstain from all direct interference in the internal affairs of that country."

In the rescript by the Emperor of Japan declaring war against Russia, February 10, 1904, are the words, "the integrity of Korea is a matter of grave concern to this empire..... the separate existence of Korea is essential to the safety of our realm."

Article III of the protocol between Japan and Korea in February, 1904, states: "The Imperial Government of Japan definitely guarantees the independence and territorial integrity of the Korean Empire."

In 1905, the Japanese took control of Korea's foreign relations.

In 1907, Japan prevented the representatives of the Korean emperor from being heard by The Hague conference.

In 1908, Prince Ito publicly stated that Japan did not intend to annex Korea. In 1909, the same Prince Ito said that Korea must be amalgamated with Japan. On August 29, 1910, Korea was declared formally annexed to Japan,

Korea Was Annexed

Thus, in sixteen years, Japan passed from going to war with China to maintain the independence of Korea to the annexation of Korea by herself. She thereby added to her empire 84,000 square miles and 17,000,000 people, or territory twice the size of Pennsylvania with twice the number of people.

Russia has marched slowly but surely from the Ural mountains, between Europe and Asia, across Asia to the Pacific. In 1896 the Trans-Siberian Railway had reached the Amur River. The shortest way from that point to Vladivostok, the Russian Pacific seaport, was across Manchuria, Chinese territory. She got China's permission to build the railway

along this short line.

Vladivostok during the winter is an an ice-bound port However, at the foot of the Liao-Tung peninsula, sticking out into the Yellow Sea, were two good harbors. One, Port Arthur, was excellent for a naval and military base. Just to the north was the magnificent Bay of Dalny.

In 1898, Russia built a railroad from Harbin on the Trans-Siberian Railway down to these two ports. She fortified and garrisoned Port Arthur. She staked out the streets and avenues of the large commercial city of Dalny, and began the construction of breakwaters.

She forced China to lease the territory to her. These leases would have expired in 1923.

Drove Russians Out

All this infuriated the Japanese, because a Japanese army had captured Port Arthur by assault in the war with China in 1894. In the original peace treaty with China in 1895, Japan was to have the Liao-Tung peninsula, including Port Arthur and Dalny. However, Russia, Germany and France had united in a protest against this violation of Chinese sovereignty. Japan, knowing she could not whip these three powers, had yielded.

Following Russia's example, the British seized Wei-Hai-Wei, and the Germans, Kiao-Chao Bay, both harbors in the Shantung peninsula. The Germans built a railway through Shantung to its capital, Tsi-Nan-Fu on the Yellow River, the scene of the fighting the other day between the Chinese an the Japanese.

The Japanese drove the Russians out of the Liao-Tung peninsula and the southern half of Manchuria during the war of 1904-5. Though ostensibly undertaken by the Japanese to drive the Russians out of Chinese territory, the situation, so far as the Chinese were concerned, remained the same. This because the Japanese established themselves, even more firmly than the Russians, in a territory the size of California plus one-half of Oregon, containing a population equal to that of California, Oregon and the state of Washington combined.

The outbreak of the great war in 1914 gave Japan the double opportunity she had been long looking for. She had never forgiven Germany for joining with Russia and France to oust her from the Liao-Tung peninsula in 1895. She had for a long time looked covetously on the rich Shantung peninsula, through the center of which ran the German railroad from the magnificent modern port of Tsingtao, built by the Germans on Kiao-Chao Bay.

She declared war on Germany and after a short siege captured Tsingtao. She then proceeded to occupy not only the railroad but also Tsi-Nan-Fu, the Chinese capital of the province.

She began dominating the province in every possible way. She appropriated German private property in Tsingtao and sold it to Japanese. She set up civil administrations in four of the principal Chinese towns along the railway. These things were all done despite Chinese protests. They were far beyond anything attempted by the Germans.

The time came when the powers wanted to bring China into the war against Germany. Japan objected until secretly promised that the treaty of peace concluding the war would turn over to her all German rights in Shantung.

China knew nothing of this. She had expressly stated that her declaration of war wiped out all German rights in Shantung.

In January, 1915, the Japanese minister to Peking presented the Chinese President Yuan-Shi-Kai with twenty-one demands. China and Japan were at peace with each other. Yet the tone of these demands was even sharper than the Austrian note to Serbia, which caused the great war to flare up in 1914. These demands practically established a Japanese protectorate over China.

Text Astonished World

Japan tried to keep the text secret. However, it leaked out, astonishing the world.

The Chinese vigorously objected. Finally, having been presented with a thirty-six hour ultimatum by Japan and being in no position to fight her, they yielded.

One group of these demands extended the old Russian leases in Manchuria, which Japan and taken over, for ninety-nine years beyond their original term, that is from 1913 to 2022. They also so strengthened Japan's hold upon Manchuria as to make Chinese sovereignty a joke.

Another group gave Japan such a free hand in the development of Shantung that China's sovereignty, as in Manchuria, became merely nominal.

Shortly after the outbreak of the war in 1914, President Yuan-Shi-Kai of China had told Mr. Reinsch, our minister to that country, "Japan is going to take advantage of this war to get control of China." The twenty-one demands went a long way towards fulfilling this prophecy.

The Chinese came to the Versailles Peace Conference at the close of the great war expecting their just claims with repect to Shantung to be listened to. As an ally in the war, they had faithfully carried out their part. They were not listened to, because of the secret promise made by the European powers to Japan that she should replace Germany in Shantung.

The Chinese came to the Washington Arms Conference of 1922 again demanding justice. Due primarily to Japanese insistence the question of Shantung was not treated by the conference itself, but was made the subject of separate negotiations between the Chinese and the Japanese.

These negotiations were getting nowhere, when Senator Walsh introduced a resolution in the Senate calling on President Harding for information as to what steps were being taken to settle the Shantung question.

The Japanese soon saw that unless they came to some sort of an agreement with the Chinese on Shantung, the Senate would never ratify the naval treaties resulting from the Washington Conference.

Mortgage on Railroad

In these treaties we destroyed proportionately so many more warships than did Japan that the strength of her navy, by comparison with ours, was increased. Also we gave up the right to fortify the Aleutian Islands in Alaska, the Philippines and Guam, thus making Hawaii our farthest western outpost. This gave Japan with her naval bases throughout the western Pacific a tremendous advantage over us.

These tremendous gains were too important to be lost. Therefore, Japan agreed to transfer the Shantung railroad to China, provided China agreed to pay for it. The Chinese wanted to pay outright, thus removing all Japanese control.

The Japanese knew that popular sentiment in China was such that money would be immediately raised. Not wishing to lose entire control, they insisted on the payment extending from a minimum period of five years to fifteen years. Thus, she really held a mortgage on the railroad and therefore the province of Shantung, which the railroad controls.

This mortgage is Japan's excuse for posting troops at Tsi-Nan-Fu.

This city is important politically, because it is the capital of Shantung. It is important strategically, because it is the point at which the railroad from Shanghai to Tientsin and Peking crosses the Yellow River. It is also the junction point of that railway with the one through Shantung to the important seaport of Tsingtao. As long as the Northern Chinese troops held this town they controlled the railways both east and north, and could move troops and supplies by either.

The Nationalist army by its capture deprived their opponents of this advantage and put themselves a long step forward towards the capture of Peking, the defeat of the Northerners and the ultimate unity of China.

The Japanese troops by driving the Nationalists out of Tsi-nan-fu and away from the railway, have robbed them of the fruits of their victory.

They have done what the Northerners could not do—seriously interfered with the Nationalist victorious advance on Peking and driving Chang Tso-lin from that city.

This is what the Nationalists claim to have been the object of the Japanese troops. Chang Tso-lin has always worked with Japan.

The Kuo Sun-lin Incident

To back their argument, they point out that a similar incident occured when Chang Tso-lin was in danger of being driven from Manchuria the winter of 1925-26.

General Kou Sun-lin, long identified with the Chinese Nationalist liberal element in Manchuria, had revolted against Chang Tso-lin. His superiority in troops and artillery was amply sufficient to defeat the forces of Chang Tso-lin.

However, the Japanese forbade him to use the shortest line of attack on Mukden, the capital of Manchuria, under penalty of their using force to stop him. Also, there was considerable evidence that Japanese sources furnished Chang Tso-lin with considerable artillery and machine gun armament.

Kuo Sun-lin, much to everyone's surprise, instead of gaining an easy victory, was defeated in a two days' battle. Throughout China this defeat was charged to the Japanese aid given Chang Tso-lin.

Civilians living in territory which becomes a battlefield are in danger of wounds and death from flying missiles intended for the combatants on one side or another. This is true in any country.

Such information as has come from Tsi-nan-fu to date does not show that any foreigners, other than Japanese have been in more than this customary danger.

The Japanese claims of Chinese atrocities against them are balanced by Chinese claims of Japanese ones.

Japanese News Reports on Chinese Situation

The following news reports are summaries of news messages dealing with the Chinese political situation and Japanese activities in China which are distributed to the Chinese and foreign press in China by the Japanese semi-official Toho News Service:

Peiping, July 18—Baron Tanaka discusses situation in China and measures to be taken in future with Major-General Matsui, Japanese Consul at Tsingtao, First Secretary of Japanese Legation in Peking, Japanese Consul at Mukden and other officials of Japan.

Peiping, July 18—Japanese authorities wire Japanese commander in Tsingtao to withdraw landing marines now stationed there.

Peiping, July 17—Dr. Roy Chapman Andrews sends despatch stating that he will return to Peking end of August, at present being about 200 miles from Kalgan.

Tokyo, July 18—Japanese fear for their investments and enterprises in case Sino-Japanese Commercial Treaty is nullified.

Tokyo, July 18—Japanese authorities discuss counter-measures to be taken when situation in Manchuria may become serious in connection with conciliation issues between Nationalists and Mukden leaders.

Peiping, July 18—Unauthoritative report states that Mr. Edwardes, Acting Inspector General of Chinese Maritime Customs, will be unable to remain in his post.

Peiping, July 18—T. V. Soong's mission in Peiping is to pay homage to memory of late Nationalist leader Dr. Sun, as well as to float loans to about $30,000,000 in Peiping and Tientsin.

Peiping, July 18—Chiang Kai-shek prepares to return to Nanking having arrived at decisions on important questions at so-called "Big Four" conference.

Peiping, July 18—It is unofficially decided by General Chang Hsueh-liang that Wang Shu-han will be appointed Civil Governor of Fengtien Province.

Tsinan, July 17—Commissioner for Foreign Affairs of Shantung sends note to Japanese Consulate-General at Tsinan stating that Generals Pan Fu and Chin Yun-peng are secretly making offers for the sale of Lu Feng Cotton Mill and that all such negotiations with foreign concerns shall be null and void.

Peiping, July 18—General Yen Hsi-shan expresses opinion that it is inadvisable to have special districts for Jehol, Chahar and Suiyuan and recommends that four prefectures of Chahar be included in Suiyuan and that the northern prefecture of Hopei be transfered to Chahar.

Tokyo, July 19—Baron Tanaka invites to Foreign Office Ambassadors of Great Britain, America, France and Italy and states Japan's policy of withdrawing troops from Shantung and North China.

Tokyo, July 19—Baron Tanaka confers with Mr. Mitsuchi, Finance Minister, regarding national budget for next fiscal year inclusive of inauguration of an independent farmer system.

Tokyo, July 19—Proletariat Party to be organized on July 22 and will be allied with Japan Soviet Party.

Mukden, July, 19—It is reported that General Chang Hsueh-liang states that peace negotiations between Nationalist Government and Fengtien Authorities will terminate July 21.

Peiping, July 19—Feng Yu-hsiang arrives Hsinghsiang.

Peiping, July 18—Commanders of each Army Corps at high officers' council order disbandment of about 30,000 troops.

Peiping, July 19—Chiang Kai-shek at banquet states that he desires that Nationalists should get rid of mandarinism and professional politicians and strive for national peace. Vice-President of Peking Chamber of Commerce proposes that provincial capital of Hopei should be placed in Peiping, disbandment of troops carried out, Chinese generally should wear uniforms, and that Government's subsidies should be granted to artisans' arsenal.

Tokyo, July 19—Japanese Consul-General at Shanghai sends note to Nationalists, seeking smooth solution to Tsinan Affairs, requests Nationalist Government to express regret to Japanese Government, the punishment of responsible persons, the compensation for loss and damage to lives and properties of Japanese and future guarantee by Nationalist Government on safety of life and property of Japanese in Shantung.

Peiping, July 19—General Headquarters of Nationalist Revolutionary Army decides to establish branch office at Peiping; Chiang Kai-shek to appoint General Ho Cheng-hsing as chief of office.

Mukden, July 19—Marshal Sun Chuan-fang appointed General-in-Command of Military Affairs in Three Eastern Provinces.

Tokyo, July 20—Tanaka Ministry discusses China question at Cabinet meeting with Mr. Fujita, Consul General in Tsingtao and Lt.-General Matsui, which may prove a Cabjnet crisis.

Mukden, July 19—Fengtien authorities expect to attend Fifth Plenary Session of Nationalists.

Mukden, July 19—General Chang Hsueh-liang receives dispatch from General Chang in Peiping stating that Chiang Kai-shek employed German as staff officer on July 15.

Tsinan, July 20—Japanese troops clash with General Ku Chen's army at Chouyangchi.

Mukden, July 20—Feudal Chiefs or Princes of Inner Mongolia present to Nanking Government measures for situation in Three Eastern Provinces stating that people will follow Three People's Principles, requesting Government's consideration for reform of treatment of Mongolian chiefs, revolution of Mongols not to be interferred with, and administration of Inner Mongolia be left in hands of Mongols and no Han people be allowed to enter Mongolia.

Mukden, July 20—General Chang Hsueh-liang announces he will return half of rolling-stock of Peiping-Hankow and Tientsin-Pukow railways detained by Fengtien Armies.

Tokyo, July 20—Baron Tanaka at Cabinet Meeting explains that Japan is now fully prepared to reply to China with a flat refusal should the abolition of treaties be notified by China.

Peiping, July 21—Mr. Yoshizawa, Japanese Minister in Peiping, states, after receiving note from Nanking Government regarding Sino-Japanese Commercial Treaty, that both Japanese and Nanking Government should appoint representatives to nogotiate conclusion of treaty; Nanking Government is not recognized by the Powers therefore not in a position to abolish the treaty, and according to Article 26, treaty will remain in force automatically another ten years.

Tokyo, July 21—American Charge d'Affaires in Tokyo received from Foreign Office authorities Japan's reply to America's proposals for anti-war treaty.

Tokyo, July 21—Japanese Consul-General at Tsingtao, First Secretary of Japanese Legation, Peiping, and Japanese Consul in Mukden make reports on situation in their districts to Baron Tanaka.

Tokyo, July 21—Japan Air Communications Company contemplate air route between Tokyo and Dairen and later between Fukuoka and Shanghai.

Tsingtao, July 20—Japanese casualties about 30 following fighting south of Chilanchaong district with General Liu Shi-lu's troops.

Mukaen, July 20—Peace Preservation Council to be supreme administrative organ in Three Eastern Provinces independent of Associate Provincial Parliaments.

Tokyo, July 21—Tokyo *Journal* declares Japanese Government's warning to General Chang Hsueh-liang does not mean intervention with domestic politics of Manchuria but desires to emphasize preservation of peace and order.

Tsingtao, July 20—Japanese troops under Major Harumi defeat General Koo Chen's powerful troops which are retreating. Japanese report six deaths and 24 wounded and Chinese several hundred killed.

Peiping, July 21—Fengtien Army under General Tang Yu-lin concentrate in vicinity of Pingchuan.

Peiping, July 23—Nationalist leaders placed in awkward situation by warning given General Chang Hsueh-liang by Mr. Hayashi regarding Manchurian reconciliation program.

Peiping, July 23—Reported Chinese financial authorities determined to establish Central State Bank in England and incorporate China Bank with the Central Bank.

Peiping, July 22—Chiang Kai-shek to leave here July 23 proceeding to Nanking by way of Peking-Hankow, Lung-Hai, and Tientsin-Pukow Railways.

Tsingtao, July 22—Chinese troops north of Chouyangchi commenced firing against Japanese on afternoon July 20. Japanese troops hoist Japanese flag, but Chinese increase firing with machine guns and trench mortars. Japanese reply with gun fire, Chinese casualties estimated at 500, while the Japanese batallion had six killed and 25 wounded.

(*Continued on page 289*)

Arms Smuggling at Swatow

(From a Correspondent)

Swatow, July 18.

A very sensational incident that took place on Sunday night here, involving the shooting of a policeman on the other side of the harbor and the simultaneous disappearance of all the servants in the employ of Jardine's manager, again brings to the fore the question of Red activities in these parts, and once again the authorities are resorting to strong precautionary measures, in an effort to bring all the Communist leaders hereabouts to book. It appears that on Sunday night a policeman who was on duty along the foreshore, on the other side of the harbor, noticed a Chinese woman proceeding to one of the piers with two heavily laden baskets. Two sampans were alongside the pier, apparently waiting for the woman to turn up. The policeman, scenting something queer, proceeded to challenge the woman and demanded of her to show the contents of the baskets. This the woman refused to do, maintaining that they "belonged to the master" and that no Chinese policeman had any right to inspect the belongings of a foreigner. This increased the suspicions of the policeman and he proceeded to wrestle with the woman for the possession of the baskets. At this juncture, one of the boatmen in waiting came up to the pier, drew his gun and shot at the policeman. The latter immediately collapsed with a mortal wound. The woman thereupon made herself scarce, as did the sampan men. Foreigners residing in the district, upon hearing the shooting, ran out to see what it was all about, and they discovered the policeman lying on the pier in a pool of blood. The latter was able to explain the situation, however, and a search was then made of the baskets which proved to contain pistols and ammunition. The policeman was then rushed off to hospital where he later died.

Amah as an Arms Smuggler

It now transpires that the woman was in the employ of Jardine's manager here as amah, with other Chinese servants, (boys and coolies),-and immediately following the occurrence, everyone of them escaped to parts unknown. The authorities are doing their best to trace them, but so far without any hope of an early arrest, for they would seem to have a large number of confederates assisting them to get away from the clutches of the Law.

The next day, the authorities, armed with a searchwarrant furnished by the British Consul, proceeded to search the premises of Jardine's manager, and in due course they found several cases of arms, ammunition and hand-grenades, as well as Communistic literature, under the flooring of one of the outhouses. How on earth they got there remains to be discovered but it is hinted that they were brought here from Canton on Jardine's coasting steamers, in the guise of personal effects belonging to Jardine's former manager here, and were taken across in Jardine's private gig. At any rate, the Number One gig man and his assistant have been placed under arrest and they are now undergoing interrogation, but they stoutly deny all knowledge of the affair.

Crews of Incoming Ships Watched

The authorities are now determined to keep a sharp surveillance upon the crews of incoming coasting ships in an effort to ascertain whether those of other shipping lines are involved in Communist plots. The Seamen's Union premises here have been searched but without results, it is said, but there is some suspicion that the Union leaders, if they have no direct connection with such activities, are yet not wholly unaware of their existence.

As a result of Sunday night's sensational incident, the military authorities here are conducting a series of searches in all parts of the town. Sentries are posted around districts undergoing such searches, and pedestrians are held up until they have been concluded. Yesterday, throughout the forenoon, all approaches to the city were patrolled and all persons seeking to come in were searched and several arrests were made of individuals who were not able to account for their movements. It is expected that within the next few days there will be sensational developments and it is hinted in certain quarters that incriminating evidence is being gathered in respect of the doings of certain prominent persons in this town.

The authorities emphatically state that there are many Communist agitators in hiding hereabouts and in outlying districts, waiting for a chance to come forth, and it is claimed that these agitators are constantly supplied with funds, etc., by confederates in Canton and Shanghai who, in turn, receive support from Soviet Russia. It is hinted here that the local authorities are in communication with the Nationalist Government at Nanking in respect of the granting of passports to Russians, the inclination here being not to grant such passports at all, be these Russians Red or White in their political creed. It is a well-known fact that Russian agitators have all kinds of passports with them, ranging from so-called "Immmigrant Passports" issued by the Chinese authorities at Harbin to Rumanian, Polish, Finnish, Estonian or Latvian documents. These latter documents are easily procurable in the countries concerned, upon payment of a sufficient sum to certain unscrupulous officials, as in the case of the Harbin "Immigrant Passports", about which there was quite a scandal a year or so ago when it was discovered that a Polish lady who had no passport with which to get out of the so-called Special Area of the Three Eastern Provinces had to part with nearly a thousand dollars therefor. The Chinese authorities here are endeavoring to persuade the Nationalist Government to introduce more stringent passport regulations, according to information your correspondent has secured, and they are particularly determined to prevent Russians from travelling about in this province. It is thought likely that some steps will be taken to either get those Russians already here to clear out, be they Red or White in political creed, unless they are able to procure very satisfactory shop guarantees.

(Continued from page 288)

Japanese movement in first instance prompted by bandit depredations.

Tokyo, July 23—Baron Tanaka discussing the China question at his Koshigoye villa stated: "Should the Nanking government abrogate the Sino-Japanese Commercial treaty, enforcing as temporary measures the interim law and treat the Japanese in China as the non-treaty nations, the Japanese Government shall employ such drastic measures as it deems fit and necessary."

Hongkong, July 24—Chen Shou-jen leaves on *President Grant* to attend forthcoming fifth plenary session of C. E. C. at Nanking.

Tokyo, July 24—"*Nichi Nichi*," commenting on Japan's warning to General Chang Hsueh-liang, says the immediate cause of the change from a "wait and see" policy by the Japanese Government, in relation to Manchuria is the Nationalist Note renouncing the Sino-Japanese Commercial Treaty.

Moscow, July 23—Baron Okura, former director of the South Manchuria Railway, delivers an address before Far Eastern Soviet Chambers of Commerce emphasizing need for rapprochement and cooperation between Japanese and Russian Chambers of Commerce.

Tokyo, July 24—Mr. Matsudaira, now Ambassador to United States, is succeeded by Mr. Debuchi, the former being appointed Ambassador to Great Britain.

Peiping, July 24—According to reports of papers here the attitude of General Chang Hsueh-liang is too firmly fixed to be changed by Japanese interference.

Tokyo, July 24—The House of Peers decide to appoint an Investigation Committee regarding the Nanking Government's Note, and all factions are endeavoring to turn nation-wide attention to China.

Tokyo, July 24—The "*Jiji*" comments that Minister Yoshizawa's refusal to attend Nationalist leaders' banquet indicates that Japanese diplomats wish to impress on Chinese authorities the grave nature of the present situation.

Tokyo, July 24—Wang Ying-pao, Chinese Minister to Tokyo, requests Japan to withdraw warning to General Chang Hsueh-liang and to make concessions regarding Sino-Japanese Commercial Treaty.

The Danger in the Opportunity

(By Grover Clark in the Peking Leader)

The task of working out new forms of administration, of finance, of industry, to meet the needs of China in the world today is one of colossal difficulty. Its accomplishment will require the devoted and unselfish service of very large numbers. But more than the most ardent and disinterested patriotism will be needed in those who take the lead in a wise and successful reconstruction. The best possible training, patience to make haste slowly, persistence to go ahead with a gruelling task in the face of disappointment and what will seem discouragingly small results, and, as important as any of these, the ability to judge wisely as to how large and what changes should be attempted at each stage—all these will be essential.

There are none too many men with these qualifications in China—or in any other country, for that matter. Therein lies the second aspect of the danger inherent in the opportunity which the opening of the reconstruction period presents; the attempt may be made to introduce wise and needed reforms in too many places at once. The reform measures may be carefully planned. But without the right sort of men actually to carry them out, the attempt to introduce the changes easily may make ultimate reconstruction on a sound basis more rather than less difficult—and there are not enough men of the right sort to carry out successfully even the wisest reforms in the whole country at once.

Ministers Wang and Hsueh Express Views on Famine Drive

John Earl Baker, secretary of the China Famine Fund Committee of New York which is now engaged in a campaign to raise G. $10,000,000 for famine relief in China spent several days in Nanking last week interviewing officials of the Nationalist Government regarding the plans of the American committee for relieving famine in Shantung and other provinces in China. Dr. C. T. Wang, Minister of Foreign Affairs is reported to have informed Mr. Baker that while the Nationalist Government welcomes the charitable efforts of the American committee, it does not approve of an extensive program which has been outlined by the New York Committee for road construction and reclamation projects to be carried out under the jurisdiction of foreign interests. Road construction and reclamation projects in Dr. Wang's opinion are the functions of the Nationalist Government and should be handled on a purely business basis. In this connection Dr. Wang has been quoted as saying, "While China appreciates the efforts of friends in the United States to raise funds for relieving famine in Shantung and other provinces, it must at the same time be understood that China is not an object of international charity and China objects to fund, raising projects in the United States for various construction enterprises which are the functions of the Chinese Government and should be handled on a business basis. When the proper time arrives China has plans for borrowing money for road construction and reclamation on a strictly business basis. We welcome the purely charitable phases of the famine relief drive in America but believe that the present American campaign is too broad and includes projects which are the function of the Nationalist Government."

In addition to Dr. C. T. Wang, Mr. Baker also had an interview with Hsueh Tu-pi, Minister of the Interior and Li Tieh-ch'un a member of the Central Excutive Committee of the Kuomintang. The Minister of the Interior made the following statement to Mr. Baker, "The idea of relief through labor is highly recommendable and entirely in conformity with my own ideas. Let me express to you and to the American people my hearty thanks for this kind intention as shown by the organization of the American Famine Relief Commission."

In reference to certain objections which had been raised regarding the road construction and reclamation phases of the American famine relief drive, Mr. Baker issued the following statement, "I realize there is a growing feeling in the Orient that the acceptance of philanthropy from the Occident carries implications of inferiority. This feeling is a sign of health and is welcomed. However, our experience in the past, particularly in connection with the relief of famine in China in 1921 showed that the best results are obtained by providing constructive work rather than through outright charitable donations. It is futile to save people this year and permit them to perish next year from the same causes which are preventable by the application of sound engineering principles upon constructive works such as road construction and reclamation projects. Investigation will show that famine relief work along these lines in China previously undertaken have removed several districts from the famine map. Our present hope is to extend the experience gained heretofore, hoping thereby to encourage the Chinese people and their government to undertake constructive work independently later on."

New Missionary Land Regulations Promulgated

(*Kuo Min News Agency*)

Nanking, July 20.—By order of the Government Council, the Ministry of Foreign Affairs has promulgated a set of provisional regulations governing the lease and use of land and buildings by all foreign missionaries in the interior of China. The regulations were jointly drawn up by the Ministries of Foreign Affairs, Interior, and Justice and approved by the Government Council. The following is a free translation of the regulations;

Art I. All foreign missionaries who are permitted by treaty agreements between their respective countries and China to establish mission stations and to open hospitals and schools in the interior of China, may, in the name of their mission, lease land and construct or rent buildings for the above-mentioned purposes.

Art II. All foreign missionaries, when leasing land for construction or renting or purchasing buildings in the interior of China, shall in conjunction with the owner of such property, first report their transactions to the local authorities concerned and obtain permission therefor in order to render such transactions legally valid.

Art III. Whenever the area of land to be leased or the number and size of buildings to be rented or constructed or purchased by any foreign mission in the interior of China exceeds the requirement of the mission, the local authorities concerned shall not be permitted to approve of the transactions.

Art IV. Whenever the land leased and the building rented or constructed, or purchased by any foreign mission in the interior of China are discovered to have been utilized for profit or any commercial purposes, the local authorities concerned shall stop such enterprises or declare the contract of lease invalid.

Art V. All foreign missons which occupied land and buildings in the interior of China previous to the promulgation of these provisional regulations shall report their transactions to the local authorities concerned. In cases where the title of land was purchased by the foreign mission, the said mission shall be accorded the rights of lessee.

Art VI. These provisional regulations shall take effect on the date of promulgation.

U. S. Agrees to Revise Sino-American Treaty

According to a *Reuter* message from Washington received in Shanghai on July 26 the American Government has agreed to revise the Sino-American Treaty granting China tariff autonomy and equal treaty treatment providing China is willing to guarantee the security of American residents in China and grant American citizens equal treatment with other foreign nationals.

Trade Inquiries

The following trade inquiries have been received at the office of the U. S. Trade Commissioner 3 Canton road Shanghai:—

Rubber Covered Wires and Cables: Manufacturers of rubber covered wires and cable, varnished cambric cables, weatherproof wire, annunciator wire, code wires, heater cords, etc., are seeking an agent in China.

Ice Cream Freezers: A Massachusettes firm manufacturing ice cream freezers designed for use in the home, hospitals, etc., wishes to secure a distributor in China.

Dental Supplies: Manufacturers of sandpaper disks, and strips and other dental supplies wish to enter the China market.

Electric Drills: A firm of manufacturers of electric drills is interested in placing its line in foreign markets.

Stencil Machine & Shipping Supplies: A New York firm of exporters is seeking an exclusive distributor for Stencil Machine and Shipping Supplies.

Electric Refrigerators:—Manufacturers of eleetric refrigerators are anxious to secure representation in China.

Macaroni:—A New Orleans firm is interested in making connections with a reliable Shanghai importer for the sale of macaroni.

Foreign Journalists Entertained at Peiping

Foreign correspondents and other journalists were entertained to tiffin at the old Waichiaopu biulqing in Peiping July 17 by representatives of the Nationalist Ministry of Foreign Affairs, H. K. Kwong and C. Kuangson Young. The Vice-Minister, Y. L. Tong was present and took the chair.

Those present included J. P. Howe (*Associated Press*) C. Dailey (*Chicago Tribune*), J. L. Butts (*Chicago Daily News*), D. C. Bess (*United Press*), Mrs. D. C. Bess (*Christian Science Monitar*), Mrs. L. T. Beddow (*London Daily News*), Hallet Abend (*New York Times*), F. Oliver (*Reuters*), H. J. Timperley (*Manchester Guardian*), L. Impey (*London Morning Post*), John Goette (*Daily Express and Iuternational News*), Carl Janish (*Philadelphia Public Ledger*) G Clark (*Peking Leader*), Captain von Salzmann (*Vossische Zeitung*) Albert Nachbaur (*Journal de Peking*) A. Monistier (*Politique de Pekin*) and W. H. Donald (*Bureau of Economic Informatino*).

Commissioner Maze Pays High Tribute to Chinese Trading Ability

F. W. Maze, Commissioner of Customs in Shanghai, in his Review of the trade of Shanghai for 1927, says: "The Shanghai Customs revenue collection for 1927 was considerably less than the collection for 1926, which can scarcely occasion surprise. What is astonishing is that the set-back was not greater. This seems to be another indication of that persistency of the trading instincts of the Chinese nation which invariably rises superior to political storms, disrupted communications, and general unrest."

Young China Tackles the Floods

BY ANNA LOUISE STRONG

in the "Survey Graphic"

FOUR thousand years of recorded history has ancient China fought with her untamed rivers, winning or losing battles as primitive dykes held or gave way under press of surging waters, and swept away homes and crops from the vanquished peasants. At the moment of going to press another flood has ravaged Shantung, and the overflow of "China's Sorrow," the descriptive prophetic name given to the Yellow River, has cast into starvation renewed millions. Yet in recent years I have talked frequently with small, heroic groups of hopeful people who tell me that it is a possible dream to banish floods and famines from China forever.

Last summer I saw near Hankow the successful completion of one of the endless battles waged by man against the waters, when I accompanied O. J. Todd, chief engineer of the International Famine Relief Commission, to view his latest achievement—done in cooperation with the Nationalist government for the saving of the three Wuhan cities. I talked afterwards with Sun Fo, son of Dr. Sun Yat Sen, Minister of Communications at that time in the Wuhan government, and saw the maps and statistics which chart the possibility of this new dream. And though today the Nationalist forces are sunk again in the expensive and exhausting clash of armies and internal dissension, and attention has turned from all constructive activities which were so noteworthy during the period of the "national united front," yet many Chinese have glimpsed new hope of chaining the rebellious waters. It can be accomplished in a decade or two, once given peace and a unified government. It is even now being accomplished piecemeal, by a handful of daring adventurers of many nations who, across the lines of civil war, have kept a unity of constructive achievement.

The Toiling Peasants

Most docile and industrious perhaps of all earth's creatures is the peasant of the Chinese plains. Working even today in many places for ten cents (gold) a day, or toiling to feed a family from two or three acres of earth, his life is a constant war with nature in which defeat means death while victory means only the chance to renew the struggle another year. Even in good years his harvest hardly suffices to feed him abundantly till another harvest; he dozes through the cold months, half hibernating on an insufficient diet, and feeds himself up in the spring to be able to start work. In years of floods and famines, he has no reserves to call on. In some of the recent famines, Chinese peasants have perished by millions.

The cause for China's floods, if one seeks an ultimate cause, goes far back beyond the dawn of history to the unrecorded days when industrious but anarchic peasants of a land which was not yet the united empire of China, denuded lands of forests and left the watersheds without protection. How much of the flooding tendencies of China's rivers are due to such acts of man, and how much to original conditions imposed by nature—such as enormous reaches of flat, soft soil—is for geologists rather than historians to determine. Over four thousand years ago we find the problem of floods attacked in China by the famous Hsia Yu, founder of the Hsia dynasty.

Chinese schoolboys have been taught for ages to revere this great engineer of past generations who, longer before the birth of Christ than we have lived after it, was assigned by Emperor Shun the task of controlling the floods of the Yellow River. The present Central China was not then part of the Chinese Empire, so Hsia had no Yangtze to deal with and none of the rivers of the south. He worked for thirteen years, say some, and nineteen years according to others, on the task of flood prevention and control; the legend which glorifies him says that in those years he three times passed his ancestral home but did not take time to enter to see his firstborn son. Because of his success he was regarded as a great benefactor of the race, saviour of the lives of millions, and for this typically Chinese reason was made emperor to succeed Shun.

From the days of Hsia till now there has been a Ministry of Public Works in China, sometimes doing its task of flood control more or less well for a few hundred years, and then falling upon centuries of corruption in which dykes rotted and peasants' prayers went up to God and emperor unavailing. There was a period in which Catholic priests, newly come to China with the knowledge of western lands, had for some decades control of the dyking of the Yellow River; but a controversy with the emperor over the proper Chinese term to use for "God" shook their ascendancy; all that continues today of the scientific labors of those Jesuits is the Sicawei Observatory in Shanghai, where they still keep meteorolgical records from all over China.

A Garden Spot in North-west China

A relic of the labor of early Jesuits is found in one of the five main canals in the upper regions of the Yellow River, which make prosperous the irrigated lands around Ningsia. The other canals of this remarkable development were built by the Chinese. Traveling last autumn through the far northwest of China, I crossed through desolate, hungry mountains of Shensi, filled with naked, begging children, and through the uninhabited deserts of southern Kansu, and came to this garden spot of a few thousand square miles where water-wheels, elevated channels, and a net-work of small ditches create a land culture reminding me of Holland. A local missionary of the fundamentalist stripe even told me that Kansu peasants were especially hard to Christianize, since they had a saying: "Other men trust the Old Man of Heaven but we in Kansu trust the Yellow River." His testimony indicated that this Kansu "god" must have been rather reliable—a happy contrast to the terrible reputation which "China's Sorrow" acquires nearer its mouth.

Political conditions have played an important part in the repairing of dykes in China. The first century of Manchu rule preserved the established routine, but the past hundred and fifty years neglected it. Under the civil war of the past fifteen years, this neglect has grown to catastrophic dimensions, as fund after fund assigned even to regular local repair has been diverted by graft and violence. Military rulers who hardly venture to expect continuance of rule for another season, loot the reserves of the country-side, including dyke moneys, and save themselves and their ill-gotten gains in some foreign-concession town, when Nature takes her blind revenge upon the hapless peasant.

A letter from O. J. Todd in May of this year, mentions a few samples of this local neglect:

"Yellow River work has lagged due to civil war and continued graft.... Though they continue to collect a surtax on the Tientsin-Pukow Railway fares in the north, I have been told that none of this money gets to the Yellow River Bureau..... The Chihli River Commission organized to study the rivers of Chihli has practically closed this year.... The Kwai River problem remains as it has for years. Even at Canton the Kwangtung Conservancy Bureau has been doing work in a very limited way only.... It was a good start we made a year ago in Hankow on dyke-patching. Chen, Sun Fo and Soong dreamed no doubt of a broad program. But war continues to make its first demands on the available cash.... The time has not yet come for a large National River Conservancy Board to be formed and given the necessary powers. Unification and peace must precede any large program."

Meantime the only agency which works on a national scale is a rather unique commission composed of mixed Chinese and foreigners, whose chief function seems to be to provide O. J. Todd with a chance to "engineer" all over China. Known as the China International Famine Relief Commission, it is the survival of an organization formed to help the great famine of six and seven years ago. It uses its funds not for gifts but for wages, hiring hungry peasants to build dykes against future floods and roads for future transport and thus prevent famines in the years to come. Roads, in fact, are only second to dykes as a necessity; I have traversed a province in southern Central China where the only road of any kind existing among tens of millions of people was a hundred-mile stretch of fine modern road-bed, much of which had been built by the Famine Relief Commission. This organization has local branches all over China, especially in the regions most subject to flood, and these branches are made up of civilian and official Chinese selected not by local politics but by the central organization.

Funds for the Wuhan Area

Thus it has been able to function across the boundaries of civil strife, dealing with every *de facto* power from Dictator Chang in Peking to some back-country potentate whose name has never graced the American press. During the white heat of nationalist advance a year ago, strong efforts were made by the authorities in Peking to prevent any funds going into the so-called "Bolshevik regions"; the Chinese members of the board were terrorized with the possible loss of their heads for treason if they permitted this "diversion of funds." None the less, O. J. Todd, with a mixture of adroitness and high-handedness, personally forced the needed funds into the Wuhan area and probably prevented a flood which might have had serious effects in the industrial regions of Central China. Incidentally, this cooperation of the Famine Relief Commission with the left-wing government then in Wuhan is probably the first experiment in collective bargaining on a huge scale to be undertaken in China. Todd dealt with revolutionary trade unions—whom the foreigners were all dubbing "impossibilitists" and whom even their own

revolutionary government found it hard to deal with—and emerged with a completed dyke.

A visit which I made to this dyke while in process of reconstruction gives illuminating pictures of life as it actually goes on in the war-tossed regions of the backward countryside. The dyke work was in charge of the Famine Relief Commission, being financed jointly by them and the Nationalist government. Two special taxes had helped raise the money: a duty of 1 per cent on all exports and imports of the port of Hankow; and a demand for three months rentals from all Hankow landlords. A howl arose that too much was taken from the city and nothing from the peasants, but the Nationalist financiers were aware that the city of Hankow had money in pocket, while the peasants had nothing that could be quickly collected. Hence they took funds realistically where they could.

Two thousand men were working on the section of the dyke repair job which I visited. This being the job which was nearest the city, these men were all trade-union members supplied by the Central Labor Union of Hankow. It was the first dyke in China to be built by union labor, and it was done during the peak of the revolutionary labor upheaval which painted Hankow "red" in the eyes of the nations. Every foot of its ground was full of drama.

We drove in our auto along the top of the dyke for several miles. Here, for instance, were boats slowly poling up to a landing, laden with great bricks of a kind no longer made in China. Twenty inches by nine by five in size, they were part of the old wall of Wuchang city, across the river from Hankow, where famished inhabitants recently endured a siege of forty days. The conquering Nationalists decided to tear down the wall, beginning with a great popular demonstration, since "it is a relic of feudalism and has many times in warfare caused great suffering to its inhabitants. Mr. Todd bought fifty thousand of the bricks and was converting the mediaeval wall to modern dyke-facing.

An Improvised Hammer

Among the picturesque features of dyke-building in China is the "eight-man flapper," a large flat stone weighing eighty pounds and fastened into a rope harness operated by eight men. When the earth needs stamping down, as it does after fifteen inches or so of fresh earth have been laid, these men stand in position around the stone and chant an ancient folk song till the appropriate word gives the signal. Then all at once they pull back, throwing the heavy stone ten feet in air, to fall on the designated spot of earth and press it down firmly. Repeated again and again over the many miles of the dyke surface, this operation alone seems qualified to use up some of the surplus labor of China.

We inquired into the nature of the songs the "flappermen" were singing. One of them was the Flower Drum Sing Song, which we were told could not be put in English. It is all about "Chai Ming, stayed in a hotel, met a young girl sweetheart." Another seemed to have more reference to the matter at hand. It told how "Brother died, put him in ground, stone at grave, go out and weep, hit head against stone, hit head against stone, break head." I could not learn on which of these latter words the stone went into the air, but obviously there were several appropriate moments.

Mr. Chang, walking delegate of the Hupeh Labor Union, stood out in gorgeous contrast to these ancient labor methods. He believed in the dictatorship of the proletariat with himself doing the dictating. He walked up and down the entire length of the dyke continuously (his title, "walking delegate," was well earned), swirling a light bamboo cane which was for purposes of prestige and, when necessary, punishment. He had eleven "labor soldiers" under his orders guarding the dyke, and eleven "labor police" assisting him with discipline. His function seemed remarkably different from the other labor representatives of my acquaintance.

"In three days time," he said to Mr. Todd, "comes Dragon Boat festival. Men all want holiday. I say, 'No can do.' Dyke much important for Hankow government; dyke must finish. I say, 'Since Republic, no more Dragon Boat festival'.... I say 'You work this day, Mr. Todd he give you 600 cash bonus besides wages'...." He looked anxiously at O. J. Todd, who grinned and nodded. "If one man wants stop," continued Chang, "then I cut him." He flourished his cane to indicate that the cuts meant lashes. "I give him the 500 beats." He smiled happily, conscious that he was achieving a patriotic job for the Revolution.

But the men were too much for him. They worked the morning of the Dragon Boat Festival and received their 600 cash bonus; whereupon in the afternoon they all left for town to celebrate, quite ignoring the despairing Mr. Chang and his "500 beats," which he had threatened chiefly to preserve the "face" of the union as a big strong organization whose word must be obeyed. On other occasions his discipline was more effective. He had the right to arrest any member of the union, and he went a bit outside his sphere by arresting a grafting contractor who was making a concealed profit from the men's food. On another occasion, finding a worker who was persistently lazy and who held back the pay of the other men, since pay is made by section of dyke completed, Chang put a large dunce-cap on the man's head and a placard explaining his misdemeanor on his chest and made him walk the length of the dyke, giving him thereafter "one hundred beats on the back." This seemed a bit savage to me until Todd explained that the beats were mere taps, not designed to hurt but to humiliate as symbol of the paternal chastising power of the union, expressed in Chang.

The Necessity of Tyranny

"It's tyranny," said Todd, "but you have to have it. Its infinitely less tyranny than the old recruiters and contractors for food. This year they were averaging from 90 cents to $1.10 a day, of which 40 cents went for food under strictly controlled bookkeeping, giving them a much better diet than they had before, and a surplus wage over food five times as great as formerly. Mr. Chang, though a middle-school graduate, did his work as union representative for $20 (Mex) a month, which is less than the average of his workers got. He told me with pride that "no union organizer gets over $25; this is our rule—that we should get no more than the men." Chang also got no "squeeze"; nay more, he was tireless in hunting out all attempts at graft on the part of any contractors, whose accounts the union had the right to examine. Incidentally, the contractors were all picked by the trade union and recommended to Todd; thus the union kept a strangle-hold on them. The union hoped to be strong enough in the following year to take collectively the full contract for all dyke repair needed. But two months later all unions in the Hankow district were suppressed.

Chang took a pride in the dyke as a "revolutionary government job" for which his union had assumed the labor responsibility. I saw a bit of his Chinese cunning in action. Several score peasants had "squatted on the dyke," putting up little shacks and preferring to live on the roadway in order to save a few feet of arable land on their tiny holdings. Todd said they must be moved in a week. "I tell them must move three days," said Chang; "then we bargain." The result approved Chang's foresight. The Farmers Organization held a meeting, formally begged for two days more, and these were graciously granted. They agreed to move in five and they actually moved in seven, the time Todd had wanted.

I asked Todd how he found the union from an administrative standpoint. He laughed and told me some of his troubles in the first days of labor organization, when the workers were drunk with expanding life and had no notion how far they might go. "I didn't mind the extra wage; it is high, but it is worth it, for it has cut out absolutely all the old grafts and squeezes. Besides, wages have not been raised for nine years around Hankow while the cost of living has doubled. The men deserve what they get.

"But then they began to tell our engineers how thick they'll lay the dirt on, and how and where they will pack it down! The workers went wild with authority. They would pull up stakes and change the engineering plan. This happened when I was away and it played havoc with my Chinese engineers, who were good theoretical students but without practical experience in handling men. One of them simply fled from the job and thereby gave his whole engineering career a serious setback. The others implored me with telegrams to return."

When Todd returned he found that the water had begun to rise on one side of the dyke, covering the territory from which they were hauling earth. Todd pointed out to me the land on the other side of the dyke, farmers' land which he had at once given orders to seize for use. "By what right?" I asked him. He laughed. "By right of eminent domain which I exercise in the name of the Dyke Commission. I told Sun Fo to send a commissioner down to appraise its value. I explained to the farmers that we would pay for it. But the dyke could not stop for permits. We have had no trouble over it The farmers don't really expect to get their pay. Governments never really pay in China; they confiscate and promise. That's why the farmers oppose motor roads; they lose land and are not allowed on the roads with their heavy carts. But here I'm going to see that they get paid, just for a precedent. Besides, it's only a few hundred dollars."

Labor Unions an Improvement

In spite of his difficulties, Todd considered the labor unions an advance on past methods of handling labor: "In the past," he said, "we had endless troubles with petty local grafters, including local officials and contractors who fomented labor troubles and then demanded pay to quiet them. The union insured us against all this. We paid high for it, but the money we paid went into wages for the men and the resultant morale was worth it. Two years ago I did a dyke job in this province. We had to use recruiters to hunt labor for us. The recruiter was paid by us, but he also took 10 per cent of each man's wage;

the foreman took another 10 per cent. The recruiter and foremen and local military then proceeded to arrange gambling dens which fleeced the men of what remained so that many of them left the job penniless after a summer's work. None of this is happening now."

If the union seemed at first to the men merely a fairer "recruiter" who took one day's pay per month in dues instead of three days, they were not left long in such unsophistication. Walking Delegate Chang spent his days patroling the dyke to see that the union won "face" by delivering swift work; but his nights were spent in union propaganda. He gathered from every group along the dyke the leading men and filled them with much modern doctrine on the uses of unions, which he expected them to pass on to their comrades. Swiftly and deliberately this horde of ignorant coolies were being accustomed to a more democratic form of labor organization. Although Chang flourished his bamboo rod as symbol of power before individual workers, he was quick to respond to any request proffered in the name of "a committee." His tyranny was never the arbitrary will of the old recruiter; it was never Chang, the strong man, who had power, but Chang, the symbol of the developing will of the workers.

"If the union learns, as it seems to be doing," said Todd, "not to interfere with engineering problems, but only with conditions of labor, then the best way of building dykes will be eventually for the government to hire the engineers and contract with the union for labor. A government once united can plan in advance for ten or twenty years, giving continuous employment to a definite group of men. The union can pick such men, organize efficient gangs and guarantee good results and good pay. Then China would get good dykes, without the endless waste of recruiters, contractors and squeeze." It was a fair dream he visaged, but the road to it is not as straight as it seemed last summer. The unions are today suppressed and the collective enthusiasm evaporated which seemed then on the verge of great achievements.

Sun Fo, Minister of Communications and head of the Dyke Commission, gave me a brief sketch of the flood problem confronting China. "There are several provinces which have always had floods," he said. "Shantung, on the Yellow River; Hupeh, where three rivers converge into the Yangtze; the coast district north of Shanghai along the Hwai Ho, a tributary of the Yangtze; and the West River south of Canton. A permanent plan means a complete system of regulating these rivers, by straightening, deepening and dyking. During the short period of Nationalist power in Canton, we made surveys and outlined work to be done on the West River. Three million dollars a year for ten years would guarantee Kwangtung province against floods permanently. The Yangtze and Yellow Rivers have not been surveyed yet; they will probably run into a hundred million apiece. Within a year after consolidation of power in Peking, which should take place this fall, we should have fairly definitely plans for handling China's rivers."

A Premature Boast

It was a boast which proved premature, for Peking did not fall for another year, and now that it is in their hands, the Nationalists are too divided to concentrate on dykes with the old zest I knew in Wuhan. Some day it will be done, no doubt, perhaps sooner than we now expect. Some day the hard, practical sense of the race that once elevated Hsia to the seat of empire because he was a great builder, will cast aside the pillaging, destructive militarists of recent days. When to the zeal for construction, which is their birthright for forty centuries, they add the engineering and industrial technique of western nations, there is little that Young China may not coolly plan and do. Two hundred million dollars for the conquest of floods and famines will be but the merest fraction of her achievements.

Meantime, however, political and military chaos continues, leading to neglect of the dykes and consequent death of millions. Under that chaos the volunteer organization—half Chinese, half foreign—continues to cooperate as well as a private organization may, across battle-lines. I remember how Todd used to classify the famines he explored, from one end of China to the other. Some of them floods, some of them drought; but over against so many—"militarism." Militarism which compelled opium-planting to the neglect of rice and wheat; militarism which robbed the peasant even of seed grain; militarism which neglected dykes and destroyed the basic wealth of the nation.

All of these local conditions he takes as he finds them. His last letter to me gives a birdseye view of the situation across half China:

"We are putting such money as we have into dyke repairs near Lintsing, Shantung, and along the Yellow River near the Chihli-Shantung border. We insist that the local officials do half the work. Up the Yellow River the people have contributed twenty thousand dollars in labor. We are arranging to ship four thousand yards of rock down stream; the armies of Marshal Feng quarry this rock for us and pay for it. The cooperation is satisfactory.

"Now I am enroute to Kiangsi [thus the picture shifts suddenly from north to central China] to assist our committee getting started on road construction. The money we use came from the last surtax on the Maritime Customs; none of it can be considered foreign money. We handle all engineering and accounts; the Provincial Government pays for rights of way and part of the construction.

"The governor of Kweichow [shifting clear to the southwest] acknowledges some photos I sent him of the motor roads made there last autumn. The engineering is under my assistant engineer, Mr. Wong, trained in an American University and in Henry Ford's factory at Detroit. This is the largest job we have yet been connected with. Mid-winter reported 200,000 men on road construction. We put in $300,000; but the people of Kweichow did ten times as much in furnishing labor. It is a land-locked province, mountainous and inaccessible; the four hundred miles of roads nearly completed will work wonders for these penned-up regions."

The story shifts from Yunnan in the extreme southwest to Kwangsi on the eastern coast, and notes irrigation work, flood control, mentioning "bright young students from American universities." "But these boys need several years training in handling men," adds O. J. Todd, and remembering Walking Delegate Chang on the dyke in Hankow I agree with him.

"Some day," he ends, "we should of course be absorbed into the government, when a stable one is formed." Meantime the labors of flood prevention and road building going on across a dozen battle-fronts are a reminder that even when the surface is chaos, the basic life of China is the patient, constructive life of common people, carrying on with what strength is left them, the endless warfare not against man, but against the ruthlessness of nature."

American College Students Pledge Support for China's Aspirations

As an expression of their sympathy with the Chinese students in their struggles and their attempts at helping to solve the manifold problems facing China during this period of national reconstruction, the college students of the United States of America sent the following message, a copy of which was received July 22 by Dr. David Z. T. Yui, General Secretary of the National Committee of the Y. M. C. A's of China, 20 Museum Road, Shanghai.

"We students of America representing American colleges, send to the students of China our very cordial greetings.

"We are profoundly interested in your heroic program for your country and in the progress which by your sacrificial living you are making. We rejoice with you in the great contribution which your country has made and will increasingly make to the world life. We want our country to learn more from you and be more helpful to you in carrying out your program.

"We deeply regret the obstacles which our country has put in the way of your progress, and pledge what influence we may have to leading our country to be a real friend of China and to work side by side with you in promoting in the world a richer life for all men."

This statement was drawn up at the Students' Conference recently held at Holloster, Missouri, which was then sent to all of the other student conferences for signatures.

Frank W. Lee Addresses Delta Phi Epsilon Fraternity

Frank W. Lee, Nationalist Commissioner from China in the United States, addressed the closing meeting the fifth annual convention of Delta Phi Epsilon, a national foreign service fraternity with chapters in institutions emphasizing preparation for the American diplomatic and commercial fields, at the Forty-forth Street Hotel, New York, June 18.

Of the three essential stages of rehabilitation, China was already well advanced in the second, Mr. Lee said, and with the passing of the evils of a military dictatorship after the fall of Peking, China had passed into a period of tutelage, the first unified form of control since the Manchu Dynasty of 1911. Eventually a government would be formed, but not before the present 80 per cent. of illiterates in China had been educated.

Chiang Kai-shek, Mr. Lee said, eventually would be the national hero of China. Like Washington, he said, Chiang had resigned after gaining his objective, the fall of Peking, to avoid a military dictatorship which would have been disastrous to the now unified nation.

China As a Field for Investment

BY CHIEN TSENG-MAI

In the Chinese Students' Monthly

THE United States has amassed an enormous wealth during the past few decades. She now possesses more capital than is needed by her home industries. Her capital, therefore, seeks profitable investments abroad. Nowadays, we see American capital invested in the Latin American states, in the European countries and in Japan. Even England, the former powerful creditor country, and Russia, the Soviet state, try to obtain loans from the United States. But, so far, comparatively very little American capital has been invested in China, a country of vast territory and innumerable inhabitants.

China has nearly all the requisites for a marvelous economic development except capital. Whenever China's political situation will permit her to start on her economic development, the first thing she will have to look for is capital. What is scarce in China is abundant in the United States. China looks for capital to launch her industries while the United States searches for opportunity to invest remuneratively her surplus capital. Why not invest some of the surplus American capital in China? The Chinese people, though opposing the investment of American capital in China for political purposes, welcome America to invest in China on a strictly business basis. When their loans are made on a strictly business basis, what the American investors care most for are the security of the principal, the rate of interest, and regularity in the payment of interest. That American investors can obtain a much higher rate of interest from loans to China than to any other country is beyond doubt. Therefore, in advancing loans to China, the American investors need only question the security of principal and the regularity of the payment of interest. When these requirements are fulfilled, there is no reason that China is not an attractive field for American investment.

As making loans to private Chinese business enterprises would require some knowledge of the particular firms concerned, it appears to be unsuitable to treat this phase of the problem here. Therefore, only the Chinese government as a borrower will be discussed here.

To gauge how secure the principals of the loans, if advanced, might be, and how regularly interest might be paid upon them, we should examine not only the political and financial situations of China, but also her currency, industrial and commercial conditions, the characteristics of the Chinese people, and the natural resources of the country, as all these factors have some share in determining the ability of the Chinese government to pay.

Political Conditions

Since the establishment of the Chinese Republic in 1911, the Chinese government has been unstable. The country, instead of being ruled by a central government with the provincial governments subordinate to it, has been governed by warring military governors. Only until recent years, the control of the Central Government was repeatedly passed on from one group of military governors to another group according to their fortune in civil war.

But in recent years, the situation is somewhat different. Even though civil war is still waging, and sometimes more fiercely than before, and the country is still ruled by military leaders, there appear under this effervescent surface several under-currents of great political significance. In the first place, civil war is now fought, at least ostensibly, for some principle or a set of programs, instead of being mainly due to some personal dislike of one war lord for another or due to their conflicts of interest. Secondly, the tradition of having everything center around one powerful individual is gradually wearing out. Similarity in political or economic belief, to a certain extent, has become the cohering force. Thirdly and lastly, the people are waking up to struggle for a share in the government, and the warring groups begin to attach importance to public opinion and even endeavor to court public favor for their own support. These tendencies mark the breaking away from the monarchical traditions and the embarking on genuine democratic practices. It seems that the full development of these forces would give the necessary power to the people to control the government as it ought to be in a democracy, and a new era of a united country with a stable government would be ushered in.

Financial Conditions

In considering the financial conditions of the country from point of view of investment, the first question to ask is how at a public debt is now standing, and how it is when compared with the total population. According to the report of Mr. Lo Wen-kan, the Minister of Finance in 1921, the total indebtedness of the Chinese Government in September, 1921,* was $1,726,400,000. In comparison to the total population of 436,094,953, the debt per capita was less than $5, which is the smallest per capital debt figure among all the nations in the world. As, since 1921, there has been no great additional loans made to the Government, the figure cited above is approximately correct at the present time.

In that total figure, there were $208,000,000 secured domestic loans, and $248,000,000 unsecured domestic loans; $1,029,600,00 secured foreign loans, and $240,000,000 unsecured foreign loans.

That the amount of loan per capital is comparatively very small, how faithful the Chinese Government is in meeting its obligations, and how the loans have been used, are important considerations in determining the advisability of making investments in that country.

A short sketch of the foreign debts of this Oriental Republic may be of service. Foreign loans have no long origin in the Chinese financial history.

1865-1880

The first foreign loan to the Chinese Government was made in 1865 from Russia for equipping an extra force to Ili to subdue a rebellion. During that period, several foreign loans were made. All of them have been liquidated.

1880-1895

Several foreign loans were borrowed in that period for the purpose of financing wars, furnishing administrative expenses, and paying war indemnity. Some of them were secured by the custom duties, and some were not secured. Most of the loans incurred in that period have been liquidated.

1895-1900

In 1898 an Anglo-German loan of 16 million pounds was made, and it was secured by the custom duties. So far, the foreign loans were intended to meet war and administrative expenditures. But in 1899 a loan of 2,300,000 pounds was signed for the construction of the North China Railway.

1900-1909

The Boxer Indemnity of 450 million taels with 4% interest added an enormous load to the accumulated sum of foreign debts. The Indemnity debts were secured by the custom duties and the salt taxes.

Of course, the payment of these indemnity debts has been prompt. During this period, many foreign loans were made for the construction of railroads. A loan of 2,000,000 pounds was raised in 1904 for the construction of the Shanghai-Nanking railroad. A loan of 1,100,000 pounds was furnished by the Hong-Kong Government for the construction of the Canton-Hankow railroad. For the construction of the Canton-Kowloon railroad a loan of 1,500,000 pounds was made, and for the Tientsin-Pukow railroad another loan of 9,000,000 pounds was raised in 1908. Some smaller loans were incurred for the construction of shorter railroads. Some of these loans, such as the Canton-Kowloon railroad, have been paid off.

1909-1911

During these three years, a series of loans were raised for the development of industries of the country. A loan of 500,000 pounds from the Great Northern and Eastern Telegraph companies was contracted for the improvement of the Imperial telegraph administration. The Hu Kwang Railway Loan was signed in 1911.

As a whole, during the Chin Dynasty, the principals and the interests of the foreign loans were mostly paid promptly at the stipulated time. Default was rarely practised. Payments of the obligations were chiefly made from the contributions of the various provinces.

1911-1927

After the Revolution in 1911, not only were the revenues from the regular sources much decreased, but contributions were not brought forth by the temporarily independent provinces. The Treasury was exhausted for a time. When the country was in a more orderly shape, a large amount of money was needed for the reconstruction, and many of the loans contracted in the previous dynasty came to maturity; hence, this new Republic required much money to meet these demands. Loans were raised one after the other between short intervals. The most important loan of them was the Reconstruction Loan of 25,000,000 pounds from the Quintuple Group. The total amount of foreign loans made in this period was about $467,100,153. Within this period, the financial conditions of the country were stricken by the political disturbances, and payments of principals and interests of some unsecured loans from foreign countries were defaulted.

In viewing the record of foreign indebtedness as a whole, it indicates that the major part of the foreign loans contracted

*The reason why the statistics of 1921 are used in this essay is that during that year there was still some semblance of unity in China, and the statistics of that year are more indicative of the conditions of a united China.

were for meeting war and administrative expenses, and a minor portion was utilized for industrial development, especially railroads. Out of the $1,512,389,865 of foreign loans, $467,109,153 were used for productive enterprises. Loans, employed in the development of industries (which produced income themselves) were mostly liquidated in a satisfactory manner.

The default of some of the foreign loans after the establishment of the Republic was chiefly due to the rapid increase of expenditures resulting from the incessant political disturbances and civil strifes on the one hand and the decrease of the contributions of the different provinces on the other. After the subsidence of the political agitations, the financial conditions of the country ought to be able to recover quickly.

Though unfortunately default occurred in some cases, repudiation was never practised.

In his "Finance in China" S. R. Wagnel, an acknowledged authority on Chinese affairs, in discussing the credit of China in the foreign market, stated:

"It must be said to the credit of China that as she was able to do so, she almost always took scrupulous care to discharge her obligations. Whether the methods adopted for this purpose are sound or not a point of consideration; but that she did meet her obligations, even at times of great difficulties, is a fact which helps to maintain her credit."

The ability of the Chinese Government in meeting her obligations, and the reasons she had to default the payment of the principals and interests of some of the foreign loans would be brought to stronger light after studying the conditions of her expenditures in relation to her revenues.

Revenues and Expenditures

Since the establishment of the Republic, there has not been a year that the revenues received by the Central Government were enough to meet the expenditures of the year. Usually loans, internal and external, were contracted to make up the deficits. The reason for this situation was that, after the revolution, the revenues of the Government decreased considerably while the expenditures increased appreciably.

The Central Government in 1921 derived its revenues from mine taxes, stamp tax, wine and tobacco tax, income tax, salt tax, and custom duties, while some of the very productive taxes such as land tax, excises, house tax and business taxes were in the hands of the provincial governments. A portion of these taxes of the provincial governments should have been contributed to the Central Government, but due to political reasons, it was not carried out.

The revenues from taxes under the direct control of the Central Government in 1921 were as follows:

Custom duties	
Surplus after payment of the interest of the loans secured by the customs	$ 3,168,136
Salt tax surplus	48,555,190
Mines taxes	191,875
Stamp tax	570,333
Wine and tobacco tax	1,312,102
Income tax	10,311
	$53,766,431

Since the Revolution, the number of soldiers maintained by the Government has been greatly increased, and consequently the expenses for that phase of governmental function were overwhelmingly multiplied. In 1921, according to the report of Lo Wen-kan, then Minister of Finance, the total sum for the military and police expenses paid out of the treasury averaged $5,885,660 per month. Then the annual expenditure would amount to $70,627,200, having $16,960,769 in excess of the total annual income. According to the same source, the estimation for the monthly administrative expenses in 1921 was $3,120,400. The approximate annual figure would be $54,455,569. However, such was but an abnormal condition. If the country is unified and the central government becomes stronger and more stable, it is considered not difficult to disband the excessive soldiers, and cut down the expenses for the maintenance of the army. At the same time, it is possible to require the different provinces to make contributions. Moreover, many important modern taxes, such as income tax, inheritance tax, excess-profit tax, etc., have not been utilized or utilized fully. Therefore, the fiscal system can be easily reorganized to produce a greater amount of revenue.

The Currency System

The currency system of the country is also of importance, especially its effect on foreign exchange, for the fluctuations of the exchange rates between the creditor and debtor countries would increase or decrease the value of the holdings as well as the yields of the holdings of securities. The currency of China is on a silver basis. The exchange rates between Shanghai and New York are possible to fluctuate without definite limits, for the fluctuation of the exchange rates between these two markets follows the changes of the London silver price.

Therefore, if the principals and interests of the loans advanced are to be paid in Chinese currency, then the value of such holdings when converted into American money would be varying from time to time. This is very unfavorable from an investor's point of view. But if theprincipals and interests of the loans are to be stipulated in American money, these objections might be removed entirely.

Industrial and Commercial Conditions

In this connection it will be serviceable to study what the existing industrial and commercial conditions in China are, and their possible development within the coming twenty years. The outlook for the industrial development is bright. Besides the ancient industries of silk, porcelain, lacquer articles, and objects d'art which have been famous the whole world over, new industries have been rapidly developing since the establishment of the Republic. The industries that have been developed to a considerable extent are textile, iron and steel work, tannery, sugar and salt refinery, cannery and biscuit, tobacco manufacture and rice hulling and cleaning. These industries are now conducted chiefly under the factory system with modern machinery. They are managed to some extent by scientific methods. In Shanghai alone, there are about fifty cotton mills with an average of about three hundred spindles. This industry is also highly developed in Canton and in Hankow. In Canton, the rice hulling and cleaning industry has attained a high mark of prosperity. The silk filature and weaving industry is flourishing in Hangchow. The iron and steel industry has been in good shape in Hanyang. Other industries of various kinds are advancing with hastened pace in different places of the country. In short, China has already covered at least some ground in industrializing herself.

Though there are some advantages for the development of industry in China such as the abundance of raw materials and plenty of industrious labor, it is under many depressing influences. These influences are the disturbances of civil war, shortage of capital, insufficiency of machinery, inconvenience of transportation and communication, and finally keen foreign competition, especially from the British, Americans, and Japanese.

But all these grave hindrances are not deeply rooted, and they could easily be removed if there were a stable government in a united China. With the advantages of exuberance of raw materials and a plentiful supply of diligent laborers, if those aforementioned drawbacks are taken away, it is but natural that industries will develop with much greater speed in the coming years, for the whole country has realized the necessity of rapid development of the industries, the capitalistic class is ready to invest their money in industrial enterprises as soon as it is safe to do so, and the thoughts of the younger generation are being focussed on that spot.

Now commercial conditions are to be considered. In recent years, with the increased facility of railroad and steamship transportation, the internal commerce has been considerably improved, especially in Shanghai, Canton, Hankow and Harbin. Shanghai is the New York of China. Commodities from the different provinces, particularly from those in the central part of China, are collected in Shanghai for distribution among the other parts of the country, and for exportation to foreign nations. Articles of other countries are also shipped to Shanghai for distribution among the various places of the Republic. The commercial activities of Shanghai have shown signs of continual progress. It is estimated that the number of commercial establishments in this Oriental port has been increasing from year to year, and the average volume of business handled by the concerns also indicates an upward tendency.

Canton is the distributing center in Southern China Similarly is Harbin for Manchuria. Hankow occupies a location in China as Chicago does in the United States.

The next thing is to examine the foreign trade. The balance of trade is to be sure, the true measurement of the Chinese government's ability to pay its foreign obligations. It is the surplus of the exports over imports that is available for the payment of the foreign obligations. An excess of Chinese import creates a foreign debt; an excess of exports creates foreign credits. If there are foreign credits abroad, then the Government may utilize these credits to pay its foreign debts. If no such foreign credits are available then the Government cannot pay its foreign debt without exporting gold or securities, and the latter course, being equivalent to further borrowing abroad, merely increases the foreign debt. It is notorious that year after year the balance of trade, as gauged by the statistics of visible imports and exports published by the Customs, has invariably been unfavorable to China. Between 1864 and 1924, with the exception of 1864 and 1872-1876 inclusive, the difference between the values of the imports and exports has

been against China. The phenomenon is shown in the following table:

FOREIGN TRADE

Year	Net Imports	Net Exports
	(in million Haikwan taels)	
1915	454	418
1916	516	481
1917	549	462
1918	554	485
1919	646	630
1920	762	541
1921	907	601
1922	945	654
1923	933	754
1924	1,018	771

Such continual unfavorable balance of trade would get China into heavy indebtedness to foreign countries unless there were some invisible balance of trade favorable to China. Before proceeding to examine the invisible balance of trade, it is worth while to study what constitutes the bulk of either the imports or exports, and to see the probability of the trade in the future.

The principle articles imported in 1922 were cotton goods, occupying 16.04% of the total amount of the import, rice, and paddy cotton yarn, kerosene oil, sugar, metals, and machinery. Their relative importance was in the order presented. As a whole, these articles imported were products of manufacture.

The principal Chinese articles exported to foreign countries in 1922 were raw silk, 22.67% of the total exports; beans and bean products, 16.37% of the total exports; those articles of second importance were silk goods, raw cotton, hides, furs, tea, coal, etc. In short, most of them were raw materials. Tea and silk formerly formed the bulk of the exports of China, and China supplied most of the demands of the world for these products. But with the competition of Japan in tea and silk, and India and Ceylon in tea, Chinese tea and silk lost much of the world market. The bulk of the exports in these two products was not decreased, but in comparing the increase of exports of tea and silk with the world's increased demand for these commodities and the rapid increase of these exports from Japan and Ceylon, the Chinese export of tea and silk appeared to be left behind. It was because, whereas the Japanese government tried her best to help her people to develop the production of these products, and in Ceylon advertisement associations were organized to advertise their tea in foreign markets, the Chinese government gave no such encouragement, and the Chinese merchants did not prepare their products scientifically nor spend any money for advertisement though the quality of their goods was superior to that of their competitors. The decline of the export of silk and tea was responsible to a large extent for the unfavorable aspect of trade. With improvement, which is not difficult, given to the manufacturing and marketing of these products, an increase of the amount of exports can be assured and the balance of trade will be more favorable. Furthermore, when industries are developed in the country, foreign manufactured goods will be less needed, then the bulk of imports would naturally become relatively small. Another weight factor that is responsible for the unfavorable balance of trade in China is the unequality between the Chinese tariff and tariff in foreign countries. The tariff in many countries such as the United States, Japan, and France is highly protective, while that in China is lamentably bound by the unreasonable treaties, and is not allowed to exceed 7½% of the value of the goods either for export or import. If China is given a free hand to regulate her tariff, probably, the import would be much decreased and the balance of trade would become much more favorable.

So much for the visible balance of trade. The invisible balance of trade is next to be considered. As net interest on foreign capital and ocean freights are concerned, the situation is again unfavorable to China. But China has emigrants in every part of the world, and their annual remittance to their relatives in China is enormous. In "Finance in China" E. R. Wagel said: "It is estimated that about 6,000,000 Chinese are outside of China. . . . In places like the Straits, for instance, the Chinese have grown very wealthy, and Chinese practically control tin mining in Malaya. In Singapore, Penang, Malacca and in almost every city in the Strait settlements, they control, for all intents and purposes, all the retail trade, and, in a few instances, the wholesale trade in some products. Even though there is no available statistics showing the amount they send back annually, it is admitted that the sum is quite tremendous. Such homeward remittance smoothes out some of the ill effects of the continual unfavorable visible balance of trade!

Natural Resources

Lastly we proceed to examine the natural resources and the economic conditions of China, which are the basic things and upon which the Government can rely to pay her obligations.

China has an area of 4,278,352 sq. miles, apportioned as follows:

China proper	1,896,500 sq. miles
Mongolia	1,367,953 sq. miles
Chinese Turkestan	550,579 sq. miles
Tibet	463,320 sq. miles

Most of the land is fertile and cultivatable. Agriculture has been developed in every corner of China proper. There are crops of the tropical, semi-tropical and temperate zones. The climate of the country, especially that in China proper, is suitable for agricultural and industrial development. Rice, cotton, wheat, beans, tea, oats, tobacco, sugar and hemp are produced in tremendous quantities. Silk and hides are the other products. Most of these agricultural products are produced by primitive methods. With modern scientific ways of cultivation the land can be developed to a much higher degree. The agricultural products alone would be enough to warrant a very large amount of foreign loan.

Minerals are abundant in the country. The main minerals are coal, iron, antimony, tin, gold, copper, lead, zinc, silver, mercury, petroleum and others. The abundance of these minerals in China is well known to the world, and in this connection the description of coal would give some idea concerning the general condition of minerals.

The total coal reserve is estimated by the Geological Survey of China to be about 23,345,000 tons, the distribution of which in the country is shown in the table.

COAL RESERVE IN CHINA

(In millions of tons)

Province	Anthracite Coal	Bituminous Coal
Chili	760	1608
Mukden	35	950
Jehol	80	850
Chahar	150	310
Shansi	2370	3460
Honan	1380	380
Shantung	30	655
Anwei	70	135
Kiangsi	110	705
Kiangsu	190	50
Chekiang	..	70
Hupeh	70	60
Hunan	1000	600
Szechuan	200	1300
Shensi	..	1000
Kansu	100	900
Amur	160	160
Kirin	..	..
Yunnan	..	1200
Kweichow	..	1300
Fukien	150	..
Kwangsi	..	150
Kwangtung	200	100
	6,250	17,183

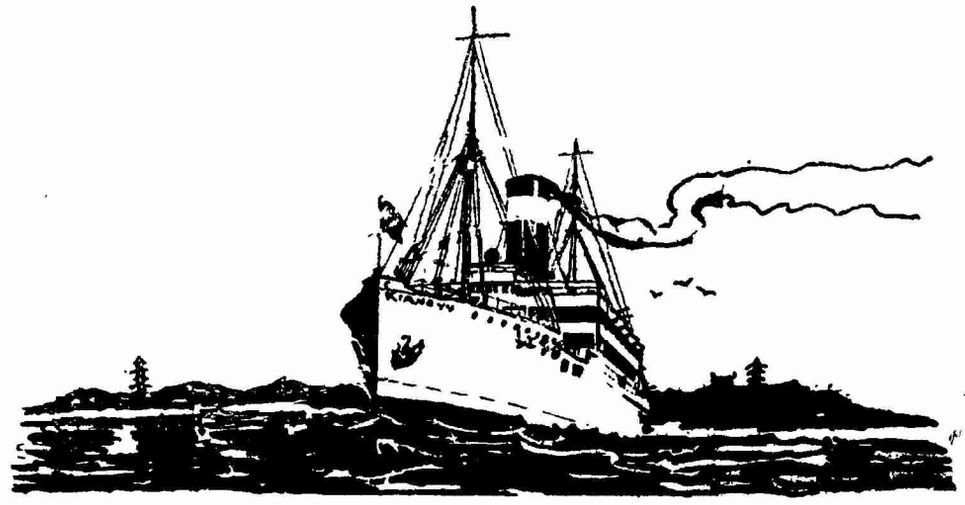
"In all these reserves a depth of one thousand metres is assumed and only seams with a thickness more than one metre are taken into account; if we include thinner seams and increase the depth, it is probable that forty to fifty billion tons would be a good figure for the total Chinese coal resources." There are about forty-eight coal companies developing some of the coal mines with a total output of 19,954,529 tons of coal in 1922. But at present most of the mines are undeveloped.

In China proper there are many beneficial rivers, the most important of which are the Yangtze river, the Yellow river and the Pearl river. These rivers furnish good navigation and irrigation facilities to nearly twelve provinces.

The sea coast line of China is about two thousand and three hundred miles long with many good harbors, such as those of Shanghai, Canton and Tientsin.

The characteristics of the Chinese population have an important bearing on the credit of the country. The population of China is highly commendable. The Chinese people are generally honest, industrious, thrifty, peaceful, intelligent and vigorous. But at the same time, they are not very enterprising nor adventurous. However, such qualities are the natural consequences of several thousand years of seclusion with little stimulation from the outside. But such qualities can easily be improved after the Chinese come into contact and competition with the rest of the world. A good example for supporting this assertion is the people in the province of Kwantung. These people have come into contact with the Western world much earlier than those living in the Northern and Central parts of China. Consequently, at the present time, the people of

(*Continued on page 298*)



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Leather Bags And Other Things

BY GEO. W. MISSEMER

ECONOMISTS have been writing much in recent years of "invisible" exports. Shanghai has several of that kind also, but more of that later.

England's trade balance, for example, looks very bad on the face of it, but when one comes to examine the situation very closely it isn't so bad as it looks. England gets an enormous revenue from abroad through steamship earnings, insurance premiums, and from investments in gold mines, diamond mines and similar valuable properties in various parts of the world. Several years ago America had a tremendous gold reserve and economists were predicting that the balance of world credit would be upset thereby. But gold has in the past few years, and particularly during the past few months, been rapidly leaving America's shores for Europe and other foreign parts of the world.

What is the explanation?—Loans to foreign countries, spendings by tourists, and remittances by foreigners in America to their folks in the "old country." America last year loaned more than a billion and a half gold dollars to foreign countries, her American tourists spend yearly about half a billion, and the foreign-born residents in America send out almost a quarter of a billion dollars a year. Thus does America's immense gold hoard gradually disappear. In this connection it is interesting to note what economists are saying about Germany's payments of reparations. Frank H. Simonds, one of the soundest of American writers, in a recent issue of *The New Republic*, states that in reality Germany during the past three years has not paid anything out of its own resources on the score of reparations. What has actually happened is that Germany has during the past three years borrowed two and a half billion dollars, mostly in the United States. What did Germany do with this money? Used one billion of it to pay reparations and used the other billion and a half to pay for her excess of imports over exports in the past three years.

Interesting Statistics

When one examines financial, shipping and customs statistics one bumps into some very interesting points. If you were to ask the average person, for example, what product imported into the United States brings the most dollars into the coffers of Uncle Sam he would probably be surprised to learn that it is raw sugar; that the duty collected on it yearly runs between a hundred and two hundred million dollars, and that the rate per pound is so high that if it were made an equivalent *ad valorem* it would amount to almost seventy-five per cent! Most of the sugar America imports is from Cuba, and that gets a reduction from America's rate of duty on sugar from other countries. From the Philippines America buys about twenty million dollars worth of raw sugar a year and that comes in free. Hawaii, as a part of the United States, naturally also supplies a large amount of sugar to the mainland, but the figures do not appear in the customs statistics.

For some reason or other ferro-alloying metals generally are taxed pretty heavily with duty into the United States. One of them, for which China is the principal supplier, namely tungsten—it is exported mostly from the port of Kiukiang in the Yangtsze valley—has to pay a duty which if worked out on an *ad valorem* basis amounts to 197 per cent! Americans should remember that when they "kick" about the "high" duties which China intends to impose on certain articles. Just another little item in connection with American trade with China. The item is more interesting than important. Now, what is worm gut, do you suppose? This is the answer: It is that little invisible cord that looks like a violin string to which the hook on a fishing line is attached. It is drawn from the "innards" of a silk worm just before it is ready to spin a cocoon.

Leather Goes Free into America

Now let us take an item the other way about. Raw furs and skins and also ordinary tanned leather goes free into the United States. An American has a tannery in Chapei which regularly supplies half-tanned and also fully tanned "kid" leather (made from goatskins) to various leather merchants in the United States.

Shifts in the world's trade are being made right along. For example, if China is not careful she will find that in coming years her great income derived from the t'ung nut (wood oil) will disappear as the tree is being successfully grown in the United States. Varnish manufacturers in America are getting a sort of tired of worrying over where their supplies are to come from. The recent disturbances in Szechuen brought the price up to dizzy heights. China's indigo trade is a thing of the past because of the invention of artificial indigo, and in this connection it is to be noted that America vies with Germany at present in shipping artificial indigo paste to China. Whether the great silk industry of China and Japan, which America is by far the best customer for, will eventually go the way of indigo by reason of the further development of the artificial silk industry remains to be seen. So far the genuine silk industry has not been affected. But should American women, and women of other countries, again take to long skirts, the silk trade of China and Japan may get a very severe jolt.

What Comes from Mozambique

America's great industrial maw reaches all over the world to get scores of articles which America either does not supply or only supplies in small quantities. China, for example, is drawn on mostly for the supply of antimony, Canada for nickel, Calcutta for the bags to carry the wheat crop, Manila for hemp to make ropes, Soviet Russia for manganese, etc., etc. Some of America's imports seem astonishing. America leads the world by far in the production of pig iron, but America nevertheless imports pig iron in very considerable quantities all the way from India. America leads the world by far in the production of copper, and yet many countries supply America with copper. Among them is Mozambique, which supplies over a million dollars worth of copper a year. Incidentally Mozambique supplies the thick-lipped sturdy dark soldiers who wear the Portuguese uniform at Macao. Thus does Portugal hold on to its possession in China against the wishes of the Chinese!

Quinine, which in other days was imported from Peru, now goes to America mostly from Amsterdam, where it is refined from "Peruvian" bark grown in the Dutch East Indies, where the Dutch are raising it on plantations and thus overshadowing almost enttirely the supply of wild bark, just as the British have developed the rubber industry in the Straits and overshadowed the wild product from Brazil. American tinplates and American motor car tires are both dependent mostly for supplies on the Straits and the Dutch East Indies.

Bed Bug Powder from Japan!

Iodine, which in the old days was mostly extracted from seaweed, is now made for the American market almost entirely as a bye-product from the saltpetre mines in Chile. Menthol crystals, which are the extracted juice of the peppermint plant, is imported in huge quantities into the United States from Japan, as are also camphor and toothbrushes. Toothbrushes for the American market are also made in Shanghai. And there is another little interesting item which Japan supplies to America in huge quantities, namely bedbug powder! It is made from a chrysanthemum-like plant call pyrethrum.

We have lost sight of Shanghai's "invisible" export. Go down Broadway and Yangtszepoo road some night. You will see scores of shops where they make and offer for sale leather hand bags and "dress suit" cases. Where do they go to? They don't appear in the Customs statistics. The answer is that the visitors and tourists buy them. Leather hand bags and cases are probaly sold cheaper in Shanghai than any place in the world. Visitors to these shores have been known to take along several of them when they return to the United States, got them in duty free as baggage and then sold them at a profit. Rumor whispers that seamen on the trans-Pacific liners make a sort of regular business of buying these bags in Shanghai every trip and disposing of them on the other side, of course at a profit.

(Continued from page 296)

that province are equally as adventurous and enterprising as is the Anglo-Saxon race.

As a result of the survey made above, we understand that China has an enormous amount of natural resources. Such resources would give ample security for the principals of loans of whatever size advanced to China. We also notice that China has begun to industrialize herself. This process of industrialization would convert the natural resources into wealth and would enhance greatly China's ability to pay. Furthermore, her fiscal system, which is rather crude at present, can easily be improved to raise much more revenue without imposing a heavy burden on the people. It is also clear that her unproductive expenditutre would decrease considerably if the number of soldiers is reduced. The increase of revenue coupled with decrease of expenditure would enable the Government to balance the budget. All these factors are favorable to American investment in China. But prohibitive to American investment in China are the disturbances of the civil wars and the unstability of the Chinese government. Loans advanced to the war lords would be used for the preparation as well as the operation of civil wars. Such loans, not being invested in productive enterprise, and not being acknowledged by the Chinese people, would not have much security as to the refunding of the principal and the regular payment of interest. Therefore, it may be concluded that during the political upheavals in China, the chance of making remunerative investments of American capital in China is rather slim, but it is also quite certain that China would be a very attractive field for American investment as soon as peace again begins to reign in China.

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Japan Takes Lead in Opposition to Treaty Revision

BY J B. P.

When the semi-official Japanese press services which supply news to the Chinese newspapers use such terms as "diplomatic ontrage," and speak of "drastic measures" in reference to China's recent note on the question of treaty revision, one is led to the inevitable conclusion that the Japanese Government is not inclined toward compliance with China's request for treaty revision. This apparently is the exact situation which has developed in respect to China's Note which was delivered to Mr. Yoshizawa, the Japanese Minister in Peiping on July 19 informing him that China would not consent to a further extension of the period for a revision of the Sino-Japanese Commercial Treaty. The text of China's Note to the Japanese Government has not been made public, but according to a *Reuter* news report from Peiping on June 20, China notified Japan that since the three months extension of time for negotiation granted by the late Peiping Government for negotiation of a new Sino-Japanese Treaty would expire on July 20, the seven regulations recently proclaimed by the Nationalist Government providing a *modus vivendi* for the interim period between the expiration of old and the conclusion of new treaties must apply to all Japanese subjects residing in China.

These seven regulations which were promulgated by the Nationalist Government Council on July 9 are as follows:

1.—Foreign countries and foreigners, as designated in these regulations, apply only to those foreign countries and the nationals thereof whose treaties with China have already expired, and with whom new treaties have not yet been concluded.

2.—All diplomatic officials and consular officials of foreign countries stationed in China shall be entitled to proper treatment accorded under international law.

3.—The persons and properties of foreigners in China shall receive due protection under Chinese law.

4.—Foreigners in China shall be subject to regulations of Chinese law and the jurisdiction of Chinese Law Courts.

5.—Pending the enforcement of the national tariff schedule, the regular customs duties on commodities imported into China from foreign countries or by foreigners, and those exported from China, to foreign countries, shall be collected in accordance with the existing tariff schedule.

6.—All taxes and duties which Chinese citizens are under obligation to pay shall be payable equally by foreigners in accordance with the law.

7.—Matters, not provided for by the foregoing regulations, shall be dealt with in accordance with international law and Chinese municipal law.

Dr. C. T. Wang (Wang Cheng-ting) Who Has Notified Japan, Spain, Portugal, Italy and Denmark of the Expiration of Their Old Treaties and Has Requested the Negotiation of New Treaties Replacing the Old Compacts Originally Negotiated More than Half a Century Ago.

General-Baron Tanaka, Japanese Premier, and the various semi-official Japanese press services have attempted to lead the world to believe that Japan is being most unfairly treated by the Nationalist Government in respect to the expiration of the Sino-Japanese Commercial Treaty, but according to Dr. C. T. Wang, Nationalist Foreign Minister, the Sino-Japanese Commercial Treaty which was originally negotiated in 1866 or some 60 years ago, officially expired on October 20, 1926 and in accordance with the terms of the treaty the Peiping Government served notice on the Japanese Government to that effect, giving Japan six months in which to negotiate a new treaty Negotiations were immediately instituted but when it was found that negotiations could not be concluded in that period an extension of three months was granted. Japan agreed to these conditions and when the three months had expired and the work was not completed, five successive extensions of three months each were granted. This carried the negotiations up to July 20, but in the meantime Peiping had been captured by the Nationalist Government and the Nanking Foreign Office had come into possession of the records of the Sino-Japanese negotiations which showed that some thirty-five meetings between the Chinese and Japanese delegates had been held and without success in reaching an agreement. In view of this situation the Nationalist Government had decided to serve notice on Japan that the old treaty had expired and that the time had arrived for the negotiation of a new treaty.

Japan Doesn't Want New Treaty

According to reports from Peiping the Japanese Government has refused to accept the viewpoint of the Nationalist Government and has decided to take advantage of Article XXVI of the old Commercial Treaty of 1896 which provides that in the event the two governments cannot reach an agreement on a new treaty that the old treaty automatically remains in force for another ten years. In addition to this a Spokesman of the Japanese Foreign Office declared that no notice would be taken of China's Note abrogating the Treaty, but on the other hand "Japan would be willing to consider China's request for the negotiation of a new treaty, etc." However, the real attitude of the Japanese Government was indicated in an interview with General-Baron Tanaka, the Japanese Premier, which was circulated by the semi-official *Toho* news service on July 23 which quoted the Baron as declaring that,

"Should the Nanking Government abrogate the Sino-Japanese Commercial Treaty and enforce as temporary measures the interim law and treat the Japanese in China as the subjects of non-treaty nations, that the Japanese government *shall employ drastic measures which it deems fit and necessary.*"

In addition to this statement by General-Baron Tanaka, there have been numerous interviews and statements circulated to the press in China and also abroad all calculated to lead the world to believe that Japan is being unfairly treated by the Chinese Government, all of which apparently is calculated to pave the way for an ultimatum to the Nationalist Government with the object of forcing China to accept a renewal of the old treaty as well as a settlement satisfactory to Japan on various other outstanding Sino-Japanese questions such as the Tsinan incident of last May, the Nanking incident of the spring of 1927, the Manchurian questions, the increase in the Chinese Customs Tariff and so on.

No Other Course for Nationalists

The Nationalist Government is therefore face to face with a situation the seriousness of which cannot be over-estimated, for in case Japan is able to put over a renewal of the old Sino-Japanese Commercial Treaty of 1896, all the other Powers will follow a similar course in accordance with the most-favored-nation-clause which appears in all of the Sino-foreign treaties. The Nationalist Government has therefore served similar notice upon four other nations whose treaties have similarly expired:

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The Sino-Spanish Treaty which expired Nov. 10, 1927.
The Sino-Portugese Treaty which expired April 28, 1928.
The Sino-Italian Treaty which expired June 30, 1928.
The Sino-Danish Treaty which expired on June 30, 1928.

And in addition the Nationalist Government has likewise notified the French Government to similar effect regarding the expiration of certain treaties pertaining to China and French Indo-China.

While the French and Danish Governments are reported to have protested China's action in terminating their treaties, it is understood that both Governments have agreed to immediately institute negotiations for the drafting of new treaties. But this attitude of conciliation apparently does not apply in the case of Italy for according to a *Reuter* report dated at Shanghai of July 23 the Italian Consul-General was quoted as saying.

"It is well that everyone in China should know that the Sino-Italian treaty has not lapsed in consequence of an illegal and unilateral declaration, and that the Italian Government reserves to itself the right to adopt such measures as it may deem opportune in case of violation of its treaty. This apart from the good-will already manifested by Italian Government to meet the natural desires of the Chinese people by a revision of the treaty on a basis of equality and respect for sovereignty."

The attitude of other foreign countries such as America and Britain whose treaties have not yet expired, is not known further than official statements of last year that both would be willing to face the problem of negotiating new treaties when China was in a position to appoint a delegation representative of the whole country. One recent report from Germany, which country has already negotiated a so-called "equal" treaty with China, quoted the German press as favorably commenting on China's present move in the direction of treaty revision.

Nanking's Action Carefully Considered

That the action of the Nationalist Government in reference to the treaty situation has been carefully considered is indicated in the following report which was issued by the "International Relations Committee" on July 14.

"The members of the Central Executive Committee, Central Political Council and the Government Council, at a joint special meeting held on July 6th at the Central Party Headquarters, discussed at length the question of the foreign relations of China and decided to issue a declaration in the name of the Ministry of Foreign Affairs, regarding the unequal treaties with foreign countries.

"The meeting was held in accordance with a request of the Government Council to revise the existing treaties and was attended by Messrs. Yu Yu-jen, Li Lieh-chun, Tan Yen-kai, Ting Wei-feng, Ting Chao-wu, Chu Chi-ching, Tsai Yuan-pei, Miao Ping and Ho Ying-ching with Mr. Ting Wei-feng presiding. Dr. C. T. Wang, Minister of Foreign Affairs, was also present and gave his views on the question. Dr. Wang submitted the draft of the proposed declaration to foreign countries and the seven articles for a *Modus Vivendi* during the interim period between the expiration of the old treaties and conclusion of new ones. After lengthy discussion, the draft was revised and finally adopted at the meeting.

"By order of the Government, Dr. C. T. Wang, Minister of Foreign Affairs, issued the following declaration re-affirming the Government's determination to proceed immediately with the abrogation of all unequal treaties:-

"The Nationalist Government, with a view to adapting themselves to present-day circumstances and with the object of promoting the welfare of and the friendly relations between China and different countries, has always considered the abrogation of all the unequal treaties and the conclusion of new treaties on the basis of equality and mutual respect for territorial sovereignty as the most pressing problem at the present time. These aims have been embodied in declarations repeatedly made by the Nationalist Government.

"Now that the unification of China is an accomplished fact, it is the task of the Nationalist Government to make every effort to fully realize these aims. While they will continue to afford protection to foreign lives and property in China, according to law, the Nationalist Government hereby make the following specific declaration with regard to all the unequal treaties:

"1. All the unequal treaties between the Republic of China and other countries, which have already expired, shall be *ipso facto* abrogated, and new treaties shall be concluded.

"2. The Nationalist Government will immediately take steps to terminate, in accordance with proper procedure, those nuequal treaties which have not yet expired, and conclude new treaties.

"3. In the case of old treaties which have already expired, but which have not yet been replaced by new treaties, the Nationalist Government will promulgate appropriate interim regulations to meet the exigencies of such situation.

Nanking, July 7, 1928."

Nanking's Note to Italy

While the text of the Note which was sent to the Japanese Government has not been made public, the Note to Italy has been published in the reports of the "International Relations Committee" to the following effect:

"*Monsieur le Ministre*:

"On behalf of the Nationalist Government of the Republic of China, I have the honor to address the following Note to Your Excellency with the request that Your Excellency be good enough to transmit the same to Your Government and to favor me with a reply. The Chinese Minister to Rome has also been instructed to present an identic Note to the Italian Government.

"It has been more than 60 years since the Treaty of Amity, Commerce and Navigation was concluded at Peking between the Plenipotentiaries of China and Italy on October 26, 1866 (the 18th day of the 9th moon of the 5th year of Tung Chi), During that long period of time, conditions in both countries, political, economic, as well as commercial, have either undergone fundamental changes, or entirely ceased to exist. It may be noted that the stipulations contained in the Treaty of 1866 have by their very nature close relationship to the circumstances prevailing at the time of its conclusion. Now that such circumstances have altered, it is clear that in the common interest of China and Italy the said treaty shall not be allowed to continue in existence. The necessity for a readjustment of the treaty relations between our two countries is all the clearer, when it is remembered that periodical revision of the Treaty of 1866 is expressly provided for in the 26th Article there-of.

"The Nationalist Government, therefore, consider the Treaty of 1866 terminated as from June 30, 1928, the date of its expiration and propose that the Governments of China and Italy each immediately appoint Plenipotentiaries to negotiate a new treaty on the basis of equality and mutual respect for territorial sovereignty with a view to meeting the present new conditions, so that the friendly relations between the two countries will be strengthened and their common interest also promoted.

(Signed) CHENGTING T. WANG,
Minister for Foreign Affairs."

The Turmoil at Tsinan

To the Editor, *The China Weekly Review*:

Two weeks ago, the Nippon military effected a house-to-house search, the reason, as they alleged, being the murder of several Japanese sentries by "plain clothes men". In the meantime, it is interesting to note that many say that the "Japanese soldiers" who met their death were really poor but ignorant Chinese hired to wear the Japanese uniform and all the more amusing is the fact that the "plain clothes men" were, on the contrary, Nippon soldiers without their "tigers' skin". The miracle so dexterously conceived and carried out was, of course, good material for a storm of Japanese propaganda in justification of the continued presence of the Japanese troops. Whether this is rumor or whether the Japanese are right in their accusations we don't argue; one should only question what purpose can be served by sending a few plain clothes men to the so-called "neutral zone" protected by thousands of Japanese troops. We hazard a guess that the phrase "plain clothes men" coined by the Japanese propagandists would be as useful as the word "looting" of which clever advantage was taken to justify the massacre of numerous innocent Chinese during and after the Tsinan Incident. Of particular interest is a proclamation recently made public to the effect that any one who discloses the whereabouts of plain clothes men at the Japanese Army Headquarters leading to the arrest of same shall be heavily rewarded and it further assures that strict secrecy would be maintained over the reporter's name to avoid his possible complications. The ill effect of this proclamation can easily be imagined especially at this moment when people are destitute and anxious to secure redress of past personal hatred. The three months' presence of the Japanese troops has taught the Chinese a lesson and made them know more and more clearly the "friendship" of a neighboring country which has been for years so boisterously advocating Pan-Asiaism; and for that liberal Japanese should feel deeply regretful for the serious blunder having been made by their almighty autocrats.

Nevertheless, Tsinan people are tacitly rejoicing at the successful conclusion of the economic conference called by the Minister of Finance, T. V. Soong, and the ratification of the disbandment scheme which augur well for China's future and as the whole country is deeply permeated with the Three Principles of Dr. Sun; all pessimism regarding possible dissensions among the generals and a second upsetting of the national salvation scheme is absolutely unwarranted in that the hoisting of the blue and white flag represents the triumph of a doctrine and not a victory for this or that general.

Tsinan, July 20, 1928. AN OPTIMIST.

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Men and Events

Mr. and Mrs. Max Friedman of Shanghai are in Tsingtao at the Strand Hotel.

The American University Club will hold a reception for the students of Tsinghua University, August 11.

R. C. Coudray has commenced his duties at the American Consulate at Mukden, having been transferred from Hankow.

The American University Club of Shanghai held their regular monthly "get-together" tiffin at the Navy Y. M. C. A. July 20.

The suit brought by R. M. McDonald against Mark L. Moody, Fed. Inc., U. S. A., Shanghai, for services rendered has been settled out of court by the latter paying $1,538.

The Shanghai Building Co., Fed., Inc., U. S. A. has filed suit in the British Supreme Court against Carlton, Ltd., for Tls 140,827.29 for arrears in rent dating back to March, 1922.

Hsia Chi-feng, who has been connected with the Information Section of the League of Nations at Geneva has returned to Shanghai and is staying at the Chinese Y. M. C. A. dormitory.

Lieut. Gardner, after several years service in the U. S. Navy in the Far East, departed from Shanghai for the United States by the s. s. *President Jefferson*, July 21, accompanied by Mrs. Gardner.

The American Committee for Fair Play in China with offices in the Hobart Building, San Francisco, in a Bulletin issued in June discusses the Tsinan incident and other matters relating to China.

Copies of the new China Trade Act Bulletin have recently been received by Frank S. Williams, Registrar of the China Trade Act. In it are contained the revised regulations which were adopted last January.

Fifteen hundred American marines stationed in Tientsin will shortly be withdrawn leaving approximately 1500 in that city and 1,000 in Shanghai, according to an announcement received in Shanghai during the week.

John M. Allison, a member of the faculty of the Japanese Government Naval Engineering College at Suikosha, Naka Maizuru, Kyoto-fu, Japan, has arrived in Shanghai for a brief visit and is staying at the Foreign Y. M. C. A.

H. F. Payne, vice-president of the American Banknote Company, who has been living in Peking for some time, arrived in Shanghai during the week. He is the guest of George Lynott, Shanghai representative of the Company.

Harry L. Kingman of the Y. M. C. A. at Shanghai who has been in America for several months has been appointed a member of the faculty of the University of California where he will spend the coming year. He expects to return to China in 1929.

Pacific Affairs, a monthly journal published by the Institute of Pacific Relations at Honolulu, in its July issue publishes an article by Eleanor M. Hinder, on the Personnel of the Pan-Pacific Women's Conference to be held at Honolulu, August 9 to 19.

The Universal Review, a monthly magazine published in Honolulu in the interests of the Oriental population of Hawaii and throughout the Pacific area, publishes in its current issue articles by both Japanese and Chinese writers in support of their common interests.

Arnold Cady, manager in Shanghai of the National City Company, departed July 21, for a four months' trip to America and England. He is proceeding directly to New York, after spending a week in Japan, and intends to make a trip to London before returning to Shanghai in November.

Mrs. Margaret Proctor Smith is spending the summer at Tsingtao as the guest of Mr. and Mrs. E. G. Whittaker who have a cottage at Iltis Huk. Mrs. Smith recently received word of the sudden death of her brother Nelson Wilmer Proctor who was commerce attorney for the Louisville and Nashville Railway of Louisville, Ky.

Dr. Geo. Sellett, U. S. District Attorney in Shanghai, who is at present in Washington, D. C., conferring with officials of the State Department and the Department of Justice, has written to friends in Shanghai that he will probably be back here early in September, present plans being to catch the *President McKinley* sailing from Seattle in August.

C. C. Coldren, vice-president in charge of foreign sales for the Quaker Oats Company, has arrived in Shanghai on a trip of investigation. He is accompanied by Mrs. Coldren and they are staying at the Majestic Hotel. W. H. Daub, Far Eastern sales manager for the Quaker Oats Company is also in Shanghai, having returned here from a trip to Japan.

Who's Who in China

Tsui Shih-chieh

崔士傑

Mr. Tsui Shih-chieh is a native of Lintzu Hsien Shantung Province where he was born in 1887. After receiving his early education in his native city, he was sent to Japan and studied in various schools. In July 1917, he was graduated from the Law Department of Tokyo Imperial University, completing the course in politics and securing the Master Degree. Then coming back to China, he served as Head of a Department with the Shantung Commissioner for Foreign Affairs, and in August 1921 was appointed Deputy for Foreign Affairs in Tsingtao.

When in September 1922 Dr. C. T. Wang directed Shantung Rehabilitation Affairs, he was invited to be an adviser to the directorate office, and concurrently an interpreter at the Joint Session of the Sino-Japan Committee and president of the Provisional Office for the Restoration of Tsingtao. In November 1923, he became High Adviser to the Sino-Russian Conference.

During 1924-1926, he retired from the political world and devoted his efforts to industrial enterprises in Shanghai. In 1927, he participated in the Northern Expedition as Secretary to the Commander-in-Chief of the Second Nationalist Army, and later became an adviser to the Nationalist Political Committee in the War Zone, and Assistant of the Foreign Affairs Bureau of the Second Army. Following the Tsinan incident, he was nominated by the Nationalist Government Commissioner of Foreign Affairs for Shantung.

Admiral Bristol to Tour the Yangtsze Valley

Admiral Mark L. Bristol, Commander-in-chief of the U. S. Asiatic squadron, arrived in Shanghai from Tsingtao on Saturday, July 21 on the U. S. S. *Pittsburgh*. One of the incidents incidental to the *Pittsburgh* coming up the Whangpoo was that a waterspout formed and crossed the path of the vessel, almost hitting it. The *Pittsburgh* left Shanghai Wednesday, July 25, for Chefoo, where it will engage in three days maneuvers. Twenty U. S. destroyers are also stationed at Chefoo. Admiral Bristol was due to leave Shanghai for a tour of inspection of the Yangstze Valley yesterday, July 27, going on the U. S. S. *Mindanao*. Admiral Yates Stirling will follow in his yacht, the U. S. S. *Isabel*. Admiral Bristol will remain in the Yangtsze Valley for two or three weeks. During his stay in Shanghai, Admiral Bristol had a conference with Dr. C. T. Wang, Minister of Foreign Affairs. Dr. Wang proceeded to Nanking Monday night, July 23.

From the Chinese Press

(News items pertaining to Chinese politics and general affairs appearing under this heading, are taken chiefly from the daily reports of the Kuo Wen (independent), Kuo Min (Nanking official), Ta Chung (Kuominchun) and Toho (Japanese) news agencies, and from translations of articles and dispatches appearing in the local Chinese press).

Wednesday, July 18—Commissioner of Public Safety reorganizes Special Municipal Police of Tientsin and Gendarmerie Headquarters take census of population.—Chiang Kai-shek address students at Chung Hua University in Peiping.—Martial law enforced in Hsuchow following reported discovery of several Communist Party "cells" at Hsuchow Orphanage and Boys' and Girls' Middle Schools. —Officers Corps and Central Military Academy at Nanking make preparation for seven day memorial service for officers and soldiers of Revolutionary Army who lost their lives.—Government Council at Nanking passes resolutions, among them that Central Party Headquarters appropriate $17,000 for funeral expenses of late Fan Hung-hsien, that proposal to establish Nationalist Revolutionary Memorial Hall be considered, that proposed tariff increase on cotton yarns be referred to Ministry of Finance.—Central Party Headquarters at Nanking announces more than thirty members of Central Executive Committee will be present at 5th Plenary Session.—Party Affairs Directors for various districts in Shansi inaugurated.—Kwangtung Provincial Department of Education calls a Provincial Educational Conference.—Government Council passes regulations governing firing of a salute of 101 guns on National Holiday, October 10.—General Lu Ti-ping, Chairman of Provincial Government announces regulations governing enforcement of anti-opium law.—Commander of Shanghai and Woosung Gendarmerie issues order, on request of Director-General of China Merchants' Steam Navigation Company, regarding soldiers using boats and trains.—Government Council instructs Kansu Provincial Government to investigate assassination of General Yang Tseng-hsin.—Chekiang Provincial Government formulates extensive plan for installation of long-distance telephone service connecting different districts and cities to improve intelligence service.—Kiangsu Provincial Government Committee decides to petition Government Council to authorize removal of Kiangsu Provincial Capital from Nanking to Chinkiang.—General Liu Chi-wen, Mayor of Special Municipality of Nanking, proposes construction of two highways leading from Hainingmen and Shunchamen in Hsiakwan to entrance of Sun Yat-sen's Mausoleum.—Peiping Division of Central Political Council under Yen Hsi-shan submits proposals for improvement of city and refers them to Central Political Council for sanction.—National Civil Affairs Conference to be held in Nanking under Ministry of Interior.—Fengtien troops withdraw beyond Shanhaikwan.—Date of Unequal Treaties Revision Conference not yet decided upon.—Commissioner for Foreign Affairs for Kiangsu, Wunsz King, sends note to E. S. Cunningham, Senior Consul, inquiring concerning laying of pipes beyond Settlement limits by Waterworks.

Thursday, July 19—Chiang Kai-shek suggests members for Reorganization Committee of Revolutionary Army which is under control of Government Council.—General Yen Hsi-shan orders 30,000 soldiers disbanded.—Headquarters of 4th Group Army formulates plan for reduction of soldiers and distribution and employment of disbanded troops.—Military Council plans for reorganization of 1st Group Army.—Construction begins of double track tram line around Shanghai Chinese city.—Among resolutions adopted at meeting of Central Political Council in Nanking it was decided that the petition of Party Affairs Directors for Shanghai to abolish Advisory Council attached to Specal Municipalities, be referred to a committee of six men for consideration; also the petition of Party Affairs Directors of Shanghai to abolish the Peiping Office of Ministry of Foreign Affairs, the Government Council be requested to instruct ministries that whenever they find it necessary to establish a temporary office in Peiping, its function should be to take charge of documents of former Peiping Ministry only.—Yen Hsi-shan and Feng Yu-hsiang appoint Li Chin-fong, Chia Chin-teh and Hseuh Tuh-lieh as their representatives at National Communications Conference on Augus 10—Provincial Government at 91st meeting appropriates $100,000 for expenses of transfering Provincial capital from Nanking to Chinkiang.—Members of Central Executive Committee send telegrams to Wang Ching-wei, Hu Han-min, Chu Min-yi, Sun Fo and Mrs. Wang Ching-wei, Dr. Wang Chung-hui and Dr. Wu Chao-chu urging their return to China to attend 5th Plenary Session.—Funeral of General Li Yuan-hung, ex-President of Republic, takes place in Tientsin.—Ministry of Justice instruct that First Branch Court of Supreme Court be established at Peiping.—Wu-Han Division of Central Poli

The Nationalist Government of the Republic of China

Notification No. 1

New Names for the Province of Chihli and the City of Peking

The public is hereby informed:

(1) that from date the province of Chihli shall be known as the Hopei province (河北省).

(2) that the city of Peking as Peiping (北平).

(3) that the former Metropolitan area under Peking (京兆區) is henceforth amalgamated with the Hopei province.

(4) that charters have been granted to the cities of Peiping and Tientsin with the rights of municipal governments.

By order
LU PI-CHAO (呂芾簪)
Secretary-General
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Nanking, June 28, 1928.

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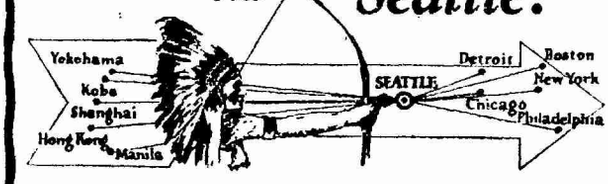

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- Shanghai Police
- Arms to Szechuen
- Street Accidents in Shanghai
- Military Training for Students

Editorials:
- The Abrogation of Treaties
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Chief events of the week; Press Comments; Book Review; Public Forum.

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tical Council requests Ministry of Communications to appropriate part of British Boxer Indemnity Fund for construction of Chuchow-Shiuchow section of Canton-Hankow Railway.—General Yen Hsi-shan in telegram to Government Council advocates that, within the three new provinces, Suiyuan have jurisdiction over Kweisui, Jehol over Chengteh and Charhar over Wanchung and Kalgan.—General Ku Ching-lin, Commander of Nanking Gendarmerie, orders police responsible for examination and opening and closing of gates, while gendarmerie stand guard there.—Chien Tieh-jen appointed Commissioner of Foreign Affairs for Kiangsi.—Chairman of Committee for Abolition of Likin at meeting states there must be a difference in taxes levied on native and foreign goods.—In an order to magistrates of various coastal districts, Commander of 32nd Army instructs that all boats on coast be inspected and telephones installed along coast as measure for suppression of bandits and communists.—Yen Hsi-shan orders abolition of Field Hospitals, Ammunition Repair Corps and Intelligence Corps of Shansi Forces.—Opium to be destroyed in Pootung on July 24.

Friday, July 20—At 157th meeting, Standing Committee of Central Executive Committee adopt resolutions: (1) regulations governing organization and functions of Merchants' Associations to be revised and adopted and forwarded to Government Council; (2) revised law of Eminent Domain to be adopted and forwarded to Government Council; (3) that designs and seals and pennants of various Mass Organizations be adopted; (4) in accordance with petition of Organization Department of Central Party Headquarters appointments to be made for Party Affairs Directors.—Minister of Agriculture & Mining requests that living conditions and treatment of Chinese workers abroad be investigated.—General Yen Hsi-shan intends leaving Peiping for Taiyuan and thence go to Nanking for 5th Plenary Session.—Central Party Headquarters receive $26,000 from Chinese in Peru for purchasing two aeroplanes.—Ministry of Interior instructs Provincial Civil Affairs Departments to announce and enforce regulations governing lease of land and buildings by foreign missionaries in provinces, also to enforce interim regulations governing relations between Republic of China and various foreign governments after termination of unequal treaties and pending conclusion of new treaties.—Allied Force organizes to exterminate all remnants of former Chihil-Shantung Army and is to be Fourth Group Army under General Pai-Tsung-hai and Second and Third Group under Generals Han Fu-chu and Hsu Yung-chang.—Hopei Provincial Government considers creating municipalities for cities of Paotingfu, Taming, Shanteh, Tanghan, Shinkiachwang and Kalgan.—Headquarters of Field Commander of 8th Route Army reports a Political Training Committee in Kwangtung has been created with Tai Chi-tao as Chairman.—A Native Products Financial Aid Committee organizes in Canton for opposing Japan's aggression in Shantung.—Ministry of Industry & Commerce submits program for improvement of country's industrial and commercial conditions to Government Council.—Special Municipality of Nanking confiscates property owned by Chang Hsun, leader of monarchical movement in 1917.—Commander of Shanghai & Woosung Gendarmerie arrives Soochow and consults with Commissioner of Reconstruction Bureau of Wuhsien District regarding construction of roads from Changmen Gate to Tiger Hills and Soochow and Wukiang.—Liu Chi-wen, on assuming office as Mayor of Nanking outlines work he will undertake immediately: (1) census of Nanking; (2) survey of city; (3) installation of waterworks system; (4) dredging of Chinwei River; (5) erection of a Revolutionary Memorial Hall; (6) erection of several public markets.—Chiang Kai-shek leaves Peiping for Tientsin for one day, then intends proceeding to Nanking.—Ministry of Foreign Affairs announces termination of Sino-Spanish, Sino-Portugese, Sino-Italian, and Sino-Danish Treaties.—Committee for Abolition of Likin decides monthly tax of .1% to .2% on businesses except those with capital below $500; likin toll-gates to be abolished in October.—Ministry of Foreign Affairs promulgates regulations governing lease and use of land and buildings by foreign-missionaries in interior of China.—Students' Association of Special Municipality of Shanghai propose 10th National Students' Annual Conference should be held as soon as possible. Amalgamated Association of Chinese Chambers of Commerce of Various Provinces hold first Plenary Meeting of Executive and Supervisory Committee and decide name to be changed to National Associated Chamber of Commerce of China, also decide to send Koo Hwa-ping as delegate to Nanking to attend Likin Abolition Conference.—Central Military Council meets at Nanking to decide on China's national defence measures.

Saturday, July 21—Central Party Headquarters announces there will be several preliminary meetings of 5th Plenary Session of C. E. C. beginning July 28—Chang Hsueh-liang

telegraphs Chiang Kai-shek that Japanese Consul-General in Mukden warns Fengtien authorities against departure from policy of maintaining old regime in Manchuria in order to accept Nationalist rule.—Chiang Kai-shek intends leaving Peiping for Nanking July 24, and will meet Feng Yu-hsiang on the way.—Chang Hsueh-liang requests protection of his representatives on their way to Nanking to make report of situation in Manchuria.—Chang announces acceptance of Three People's Principles.—Persons carrying large sums of money down river from Hankow for governmental organs are required to report amounts to authorities.—C. T. Wang receives telegrams from Dr. Wang Chung-hui, Hu Han-min, Sun Fo, C. C. Wu and Chu Ming-yi who are to return to China in September.—At meeting of Military Affairs Study Committee to discuss proposals for national defence it was decided that Government Council be petitoned to call meeting of representatives of various Government organs.—Ministry of Interior instructs Provincial Governments to take census of population and file same with Ministry before December 31.—Shanghai Committee opens meeting of National Conference for opposing Japan's aggression in Shantung and submits following proposals: (1) scheme for national anti-Japanese movement; (2) regulations for punishing of merchants found dealing with Japanese; (3) regulations governing collection and custody of National Salvation fund; (4) centralization of control of various committees; (5) that Central Government be petitioned to abrogate all unequal treaties with Japan; (6) that a time be set for clearing entire country of Japanese goods—Special military tax and levies for expenses of suppressing of Communists in Hopei Province abolished.—Chiang Kai-shek announces reorganization of different armies of First Group Army and Infantry Corps. Government Council decides to dispatch cruiser to the Philippine Islands as per request from Chinese there to Dr. C. T. Wang—Ministry of Interior preparing appropriate posthumous honors for the late Gen. Yang Tsung-hsin—Gen. Fu Tso-yi, commander of Tientsin gendarmerie requests native newspapers to return to Chinese city from foreign Concessions to which they had removed during recent disturbances—Chang Hsueh-liang agrees to return half of the rolling stocks taken from north China railway to Manchuria at the time of his withdrawal from Peiping and starts negotiations for resumption of through train service on Peiping-Mukden railway.

Sunday and Monday July 22 and 23—*Kuo Min* news agency telegram from Tokyo qutoes Japanese Ministry of Foreign Affairs as categorically denying Reuter statement that Japanese government had issued a warning to Chang Hsueh-liang against the adherence of Manchuria to the Nationalist cause—Dr. Alfred Sze, Chinese Minister at Washington, declines to represent China at forthcoming meeting of League of Nations. Mukden dispatch states that various public bodies in Three Eastern Provinces have decided to obey Nationalist government and fly Nationalist flag—Ministry of Foreign Affairs protests second time against detention by London Police of innocent Chinese June 23, which action the British Foreign Office states was taken to prevent Chinese being smuggled into the United Kingdom—Yu Yiuj-en, member of Standing Committee of C. E. C. states in interview China is determined to abrogate all unequal treaties.—Message received from Chinese Chamber of Commerce and the Chinese Alliance in the Philippine Islands urging abrogation of Sino-Japanese Commercial treaty—Generals Chiang Kai-shek and Ho Ying-ching appointed respectively chairman and vice-chairman of 1st Group Army—Tsinan Peace Preservation Committee asks Japanese Consul at Tsinan to stop removal of Chinese relics by Japanese soldiers—Announcement made of exhibition of Chinese athletic culture to be held in Nanking October 15—Government Council considers appointment of Gen. Liu Wen-lung as Pacification Commissioner for Sinkiang.—Preparations made at Nanking to receive Generals Feng Yu-hsiang and Yen Hsi-shan—Innocent farmers hiding in corn fields used by Japanese as excuse for bombarding ten villages in the Kaomi district—Vice-Admiral Jen Kwang-wu presides at conference at Navy Club, Shanghai, when it was decided to enforce regulations governing arbitration of disputes between Labor and Capital—General Sheng Chen, chairman of the Hopei Provincial Government, asks for more troops to suppress bandits—Wuhan Division of C.P. approves plan for commercial air services Canton to Hankow, Hankow to Peiping, and Shanghai to Hankow.

Tuesday, July 25—Chiang Kai-shek's departure from Peiping delayed in consequence of Japan's unwarranted interference in the settlement of the Manchurian question—Gen. Chen Chi-tang initiates a popular sanitation movement in the western part of Kwangtung province—Gen. Chen Ta-chun, commander of Shanghai Gendarmerie, warns against unauthorized groups making arrests, a function reserved to military and police authorities—Paotingfu authorities inaugurating new system of rural administration similar to that used in Shensi.

In the United States Court for China

In re	Cause No. 3084
Estate of JOE KING Deceased.	Estate No. 678
	NOTICE

Pursuant to an Order of said Court, notice is hereby given to all persons having claims against the estate of JOE KING, deceased, to present the same with vouchers to the undersigned, on or before January 7th, 1929, and all persons owing debts to the said deceased are hereby notified to make payments of the same in due course to the undersigned.

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China	Straits Settlements	Syria
Indo-China	Netherlands India	Bulgaria
Siam	South Africa	Greece
India	Australia	Jugoslavia

45-379

New Books of Interest in the Far East

Russia's Noblest Work

Woman in Soviet Russia, by Jessica Smith. Vanguard Press, New York, 1928.

It is an engaging and perhaps ironical truth that it is precisely those things at which people do not consciously aim that they best succeed in achieving. Many have reflected that happiness is best achieved by not thinking of it, and that devotion to an ideal may unconsciously bring a joy of spirit which the ideal itself would probably not equal. The philanderer's devotion to "love" is very likely to realize only dust and ashes, and the serious student or thinker may gain the highest joy from his little-pondered attachment to a beloved one.

And as with the individual, so with society, so far as social changes are conscious achievements. The Communist Revolution in Russia aimed at the establishment of a communistic economic order involving the emancipation of the proletariat. From this, as every good Marxist knows, all other joys would follow, the economic order being the basis "of the entire social and intellectual history of any epoch," which indeed is only a reflex of this economic system.

In sober fact, however, the Russians made a most lamentable failure of their authoritarian and bureaucratic Communism, and reverted to a system of State Capitalism. As for the emancipation of the proletariat, perhaps the less said the better. But some of the "secondary" things, those "reflexes of the economic order" which the Marxists regarded as of minor importance, have shown striking advance. And one of these "by-products," which may really prove to be one of the most genuine achievements of the revolution, is the emancipation of women.

It is the condition of Russian women today that is the subject of Jessica Smith's book. Miss Smith describes the old way of life, as still predominant in thousands of villages throughout Russia, with the degraded women who obeyed their husbands and took a beating as an affectionate dog would, or regarded violence as a manifestation of love. Then she goes on to the sharply contrasted women workers in the factories, comes back to the village women of today where most of all the old and new are in conflict, deals with woman's entrance into public life, and then with their entrance into the schools.

There are three chapters devoted to the transition through which the Russian family is now passing, to the new marriage law adopted two years ago, and to revolutionary morals. In all this Miss Smith is most frank and enlightening, and her sketch of development during the decade of revolution is extremely interesting.

There is also an excellent chapter on housing, one on the Government Food Institute, and one on "Building the Future Community." And in the study of "Mothers and Babies" the author deals again with a subject more especially feminine.

The essential point of the whole work is that women's position in Russia is almost as free as the laws can make it. With regard to actual legal equality with men they possess it fully, and as a matter of fact, possess a number of special privileges,-such privileges as are involved in the greater number of rest-days (in spite of equal pay for probably unequal work), in the three-month holiday at time of childbirth, and similar things. Also, of course, there are the alimony arrangements, and the development of a class of alimony-hunters which would seem to hint that Russia is being rapidly Americanized.

But there is a great benighted mass of peasant women who know nothing of their legal rights even yet, and the Government, as well as the Women's Department of the Communist Party, is doing special work in arousing and educating these backward women ot the villages to the understanding that they are legally as free as their men-folk. In some parts of the country, for example among Mohammedan and some other peoples of Asiatic Russia, it is still a grave and dangerous problem for women to try to enlighten their more backward sisters, and here women propagandists and educators have been killed for their efforts in this respect. The work goes on, however,—work with which free womanhood throughout the world must sympathize deeply.

But it is a striking thing that the materialistic Communists have given little or no attention to the material basis of women's freedom, outside of the equality or privileges provided for them in the existing wage system in Russia. The material basis of women's freedom involves not only economic independence, but a knowledge of birth control and of sex hygiene, and on both these matters the Soviet Government is one of the most backward in the world in its obscurantist attitude. Abortions, indeed, have been legalized in Russia—the Government rightly taking the position that keeping them illegal increases tremendously the likelihood of unclean and ignorantly performed operations, but actual contraceptive methods have not been publicly and freely taught, in spite of the fact that not only is such knowledge a necessity for a free womanhood, but that there is no possiblility for the Government plans of improvement to ever catch up with the present rapid and steady increase in population. This latter point, indeed, is made clear (though unintentionally) by the figures on housing which Miss Smith gives us.

But even here there is hope, and we are told that the official attitude has changed in the last four years, and the Department of Health has actually issued several official pamphlets describing methods in detail, and literature of this kind can be *purchased* anywhere. Perhaps in another generation the Russian Government will be as advanced in this respect as, for example, Holland, and in another century its people as enlightened as those of western Europe and America.

And there are some peculiar anachronisms in the present civil marriage in Russia. For example, while in an American civil marriage each party of course receives a copy of the certificate, the free and equal civil marriage in Russia is attested to by only one certificate, presumably for the husband. If another certificate is wanted it is necessary to apply for it again and pay a second time.

Over the window of the Marriage Registration Bureau in Moscow, says a fable which the serious Miss Smith doesn't mention, is the great slogan, "Workers of the World Unite." Over the desk of the clerk in charge of divorces, directly opposite, is the timely reminder, "You Have Nothing to Lose but Your Chains." This is Marxian enough, even if it isn't true.

H. H.

Ethics and Politics in the Land of Confucius

Chinese Political Thought by Elbert Duncan Thomas Ph. D. New York: Prentice Hall Inc.

From ancient times the Chinese sages have given a prominent part to politics in their teachings. Motze, Chwantze, Confucius and others were all practical politicians. It was during the Chau dynasty, the period covered by the book, that Chinese philosophy and politics became all important.

The view that human nature is good prevailed in China inspite of opposition from some prominent quarters. Confucius enlarged on this doctrine and said that the aim of his teaching was inwardly to be a sage and outwardly to be a ruler. But to be a successful ruler one must practise the four principles of goodness, namely benevolence, righteousness, propriety and knowledge.

The whole ethics and politics of Confucius is based on the examples of Yao and Shun, who ruled about 2000 years before Christ most wisely and benevolently, sacrificing their comforts and families for the good of the people. While emphasizing on the personal benevolence of the monarch without which no ruler can sway the heart of his people, the sages realized that all exercises of individual and social morality can be taught only after the economic condition is well adjusted. Mencius advocated compulsory education, free land, and antimilitarism. "Educate a man twelve years and then he can be fit to be a soldier."

The Chinese state is a real, actual, concrete one. It includes all nature. It is universal and it becomes the sole expression of both Heaven and earth. Its chief aim is universal harmony. Though Laotze differs from Confucius on the principle of construction of state, he is at one with him in the doctrine that that which is in harmony with nature is good and that which is not is bad. The ancient Chinese doctrine of the state reached its climax with the idea that China and her civilization were identical with the world of civilization and culture and that she existed as a universal unlimited empire surrounded by barbarians.

There is no despotism in ancient Chinese politics. Government is for the benefit of those who are governed. "The Master said "Good government obtains when those who are near are made happy and when those who are far are attracted." Mencius holds that "the people are the most important element, the sovereign, the least important." The sages hold the government responsible if there is disorder or suffering among the people.

The "Canon of Shun," an ancient political document quoted by the author, deserves serious the attention of every student of Chinese culture. It shows that in ancient times every high officer was elected, and so was the emperor. After the death of Yao the throne went to Shun, the ablest man in the empire, and not to the son of Yao.

That prohibition was applied in ancient China is evident from the following quotation from the book under review:—

"King Wan admonished and instructed the young and all who were charged with office and in employment, that they should not use spirits." When wine was first brought to Emperor Shun he looked at it angrily and threw it on the ground in disdain, calling it injurious.

Confucius advocated universal education. He says, "The jade uncut will not form a vessel for use, and if men do not learn, they do not know the way in which they should go. On this account the ancient sages, when establishing states and governing the people, made instruction and schools a primary object."

Government is established, according to the Chinese theory, to benefit the people in protecting their property. It is for the good of the people to formulate rules so that men may live socially together free in the enjoyment of their property and without doing personal or economic injury to others.

During the third century A. D. women were actually admitted to official life and some of them rose to important posts. Once a woman acted as minister to King Wu.

The Chinese sages held with Plato that laws are insufficient to keep peace in a state. They can not carry themselves into practice. It is the personal virtue that counts, and the government that promotes personal virtue will not need many laws. The Chinese therefore do not dissociate their government from religion.

This book is indeed a very scholarly work based on a long and patient research. It is perhaps the only book of its kind and fills a long-felt want. Besides politics it gives an idea of the ancient Chinese philosophies, and being so rich in quotations from the classics, it is of use to all students of China.

H. P. SHASTRI

In the Land of the Rajahs

See India With Me, by Jane Tracy. Boston: The Stratford Company. U. S.$3.00

Four American sight-seers went through India—beginning at Bombay and ending at Colombo, covering a distance of 10,000 miles. They saw a bit of India and enjoyed the trip.

They visited many of the most important places in India. They have given cursory attention to the Indian institutions, and we do not expect otherwise of travelers who come to India for amusement. The description of the Jain temple at Mount Abu brings to light a phase of this ancient religion of India which is so little known to the world. Udaipur, capital of Mewar state which never acknowledged Mahomedan supremacy and fought most courageously against Akbar, and Aurangzeb, is well described by the author, who pays a high tribute to the architectural beauty of its palaces.

The beauties of Kashmere enchanted the author who passed days and days in the silent admiration of the scenic beauty of that wonderful garden of nature where the Mogul emperors of India have left most artistic pleaure gardens and fountains, while the party read the famous poem "Lalla Roohk" by Thomas Moore.

Delhi and Agra also claimed attention of the party. They saw the Taj at Agra and remarked. "The Taj is the most perfect and beautiful building, architecturally, and artistically, ever erected. There is never a feeling of disappointment, and words fail to praise it too highly or express too deeply the thoughts that arise while gazing at it."

The book is not without its faults. The Indian names are misspelt, and historical notes are often erroneous. For instance Benares is described as the birthplace of Rama, who was born at Ayudhiya, a city nearly a hundred miles from Benares. On page 181 the Sanskrita word Varna is spelt as vama, and Kali as Kati.

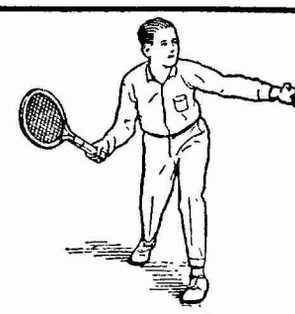
The book forms delightful after-dinner reading. The illustrations are well selected and noteworthy.

H. P. SHASTRI.

Captain Kidd and His Kin

Buccaneers of the Pacific, by George Wycherley. The Bobbs-Merrill Company, Indianapolis, 1928.

This book is devoted to "the bold English buccaneers, pirates, privateers and gentleman adventurers, who sailed in peril through the stormy straits or pierced the isthmus jungle, to vex the king of Spain in the South Seas and the Western Pacific, plundering his cities and coasts and preying on his silver fleets and his golden galleons." It's very good dime-novel stuff. Historically there is no great claim to accuracy, though it's fairly close to the facts. It is in the same class with the "Buffalo Bill" and other wild and woolly stuff which we devoured with such thrills and delight in our younger days. This is perhaps a little better as literature, though the style is not much different: "Drake.....vanished from the view or ken of the incensed Viceroys of New Spain and Peru, now all agog with military and naval preparations to capture this daring buccaneer, who had looted their coasts and ships with impunity, snapped his fingers derisively under their arrogant Castilian noses and sailed away laughing, bound no man knew whither."



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People who like this sort of thing—and a bit of wild adventure now and then is relished by the mildest, meekest men—will find in this book plenty to interest them. There is the story of Drake, prince of buccaneers, that of Cavendish, gentleman buccaneer, of Bloodthirsty Morgan and the sack of Panama, and of Ambrose Cowley, our American pirate. Dampier, Rogers, Clipperton, Shelvock, Anson, and several others are given space. The book is well bound, well illustrated with old engravings, maps, and portraits, and in general an interesting volume. H. H.

Rev. Warnshuis Declines Participation In Famine Relief

Rev. A. L. Warnshuis of the International Missionary Council, 419 Fourth Avenue, New York City, has declined the appointment to membership made by the administrative committee for China Famine Relief. Dr. Warnshuis made his attitude known in a letter to Rev. Wm R. Johnson in New York dated June 11, copies of which have been received by friends in Shanghai. Dr. Warnshuis says among other things: "The information that comes to me now indicates that the possibility for any effective relief at this time in Shantung province is probably past, and it seems to me that there can be no other conclusion than that the Committee should close the campaign and wind up its affairs."

Italian Consular Official's Status in Provisional Court

Dr. F. Ramandino, Italian Consular Official, who sits on certain days at the Provisional Court as the deputy of the Senior Consul was met with a refusal by Judge Tseng to sit with him July 20 on the ground that the treaty with Italy had expired. The following day, however, Dr. Ramandino occupied a seat with Judge Tseng. The Consular Body takes the view that the question of whether Italy's treaty has expired or not does not enter into the matter of Dr. Ramandino's sitting in criminal cases as he sits there, not as an Italian official, but as the Senior Consul's Deputy.

American Gold Bond Quotations

Name of Security	Coupon Rate %	Date of Maturity	Sale Price July 12th	Sale Price July 20th	Approx. Yield to Maturity % July 20th
Czecho Slovak Govt. Sinking Fund Loan...	8	Oct. 1, 1952	109	109¼	7.18
Republic Chile S.F. Loan	7	Nov. 1, 1942	103⅜	103⅝	6.62
Argentine Government.. Ext. S.F. Loan.....	6	May. 1, 1960	100	100⅛	5.99
Kingdom of Italy, Ext. S. F. Loan.....	7	Dec. 1, 1951	98	96⅞	7.29
Austrian S. F. G. Loan..	7	June 1, 1943	103¼	103⅜	6.64
Japanese Govt. (£).....	5	1907/1947	87¼	87⅜	6.10
German Govt. S. F. Loan	7	Oct. 15, 1949	106⅞	106½	6.43
Deutsche Renten Bank 1st Lien Farm Loan	7	Sept. 1, 1950	99⅞	100¼	6.98
Saxon Public Works Inc. 1st Mtge. S. F. Loan ..	7	Feb. 1, 1945	99	100⅛	6.95
German G.E.C.S.F. Loan	7	Jan. 15, 1945	103⅜	104⅛	6.55
Finnish Guaranteed Municipalities S. F. Loan...	6½	Oct. 1, 1954	99⅛	99	6.58
Chicago Rapid Transit 1st. & Refunding Mtge.	6½	July 1, 1944	99	99	6.60
Northern Ohio Power & Light Co. Debentures.	6½	Jan. 1, 1941	99	99	6.62
Cuban Domin. Sugar Co. 1st Lien S. F. Loan...	7½	Nov. 1, 1944	100¼	100⅜	7.47
Camaguey Sugar Co. 1st. Mtge. S. F. Loan.....	7	Oct. 15, 1942	100⅛	100½	6.93
Pennsylvania Dixie Cement Corporation...	7	Pfd. Stock	95½	93	7.53
Victor Talking Machine Company Cum. Prior	7	Pfd. Stock	107	106⅜	6.59
Willys Overland Co.....	7	Pfd. Stock	99½	99	7.07
The National City Bank of New York.....	20	Stock	840	830	2.41
Republic of Peru Ext. Secured S. F. Loan...	7½	Sept. 1, 1956	104⅜	106⅜	6.95
Hershey Chocolate Corp.	$4	Pfd. Stock	—	77	76	5.26
Belgian National Railway Co. Participating Pfd. Stock (American Shares) Market to Yield.....						6.90
General Mills Inc.....	6	Cum. Pfd. Stock		100	100	6.00
Grasselli Chemical Co.....		Common Stock		47⅛	47½	—
Dodge Brothers Inc....$7		Pfd. Stock		73	69	10.15
Containers Corporation of America.....	6%	June 15 1946			101½	5.86
Postal Telegraph & Co. Con-Cum.....	7%	Preferred			101	6.93

The National City Company, The National City Bank Building, No. 2A Kiukiang Road, Shanghai, China.

Shanghai Exchange for Week Ending Wednesday, July 18, 1928

By Maitland, Fearon and Brand

Exchange:—Since the date of our last circular a rise of ⅛d. for spot, and for ⅛d. two months delivery has to be recorded in the price of Bar Silver in London, the quotations bein7 fixed yesterday afternoon at 27 5/16d. per ounce for both deliveries. The local official rate far T/T on Lnndon has been raised to 2/8 1/4d., an advance of 1/16d. since this day last week.

Disquieting rumouts which were being circulated on Monday in regard to Sino-Japanese relations resulted in heavy sales of Gold Currencies on the part of speculators, and a sharp rise in local rates of exchange. At one time Banks were sellers of T/T as high 2/8 5/8d. on London and 66 7/8d. on New York, while business was done in Yen at 68 7/8. The uncertainty has had a uery disturbing effect in the commercial markets, export paper now being almost completely held up, but importers have acquired a fair amount of T/T on the basis of 2/8d. June 1929.

To-day the market has been more or less featureless, and closed quietly steaey with the following rates available for telegraphic transfers, London 2/8d. New York 65 5/8, Yens 69 5/8. It will be noted that our stocks of Sycee and Bar Silver an increase of Taels 5,500,000, during the week under revsew.

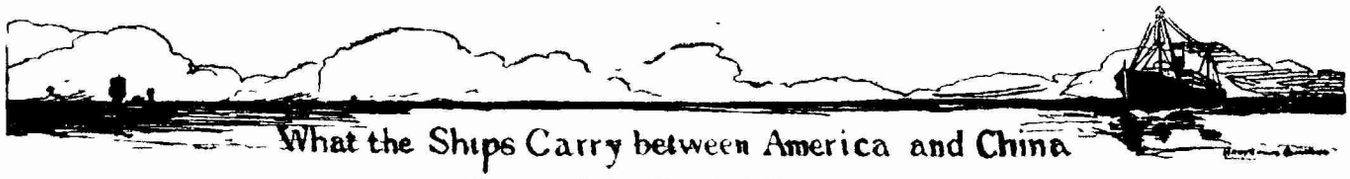
Our stocks of silver are reported as follows:—

Sycee and Bar Silver ..... Tls.54,648,000 an decrease of Tls. 5,514,000
Chinese and Mexican Dollars..... $ 81,340,000 a increas: of $ 2,230,000
stimated value Tls. 112,612,000 as against Tls. 122,656,000 held at this time last year.

	Average rates for June	Thursday. July 19	Friday July 20	Sat. July 21	Monday July 23rd	Tuesday July 24	Wed. July 25
Bank's selling rates		*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*	*opening closing*
T/T London	2/8 300	2/7 7/8	2/7 3/4	2/7 3/4	2/7 5/8 2/8	2/8 1/4	2/8 1/4
D/Dfts ,,	—	2/7 13/16	2/7 15/16	2/7 13/16	2/7 13/16 2/8 1/16	2/8 5/16	2/7 5/16
4 m/s ,,	—	2/8	2/8	2/8	2/8 2/8 1/4	2/8 1/2	2/8 1/2
T/T India	179.850	177 1/4	177 1/4	177 1/4	177 1/4 278 1/2	180 1/4	180 1/4
T/T France	1,671,000	1640	1640	1640	1640 1655	1665	1665
T/T N. Y.	65.695	64 3/8	64 3/8	64 3/8	64 3/8 64 1/2	65 1/4	65 1/4
T/T Demand		64 1/2	64 1/2	64 1/2	64 1/2 64 7/8	65 3/8	65 3/8
T/T Hamburg		269 1/2	269 1/2	269 1/2	269 1/8 271 1/2	273 1/2	273 1/2
T/T H'kong	76.660	77 1/4	77 1/4	77 1/4	77 1/4 77 1/4	77	77
T/T Japan	71.175	71 1/8	71 3/8	71 1/2	71 1/4 70 1/2	69 7/8	70
T/T Batavia	162.630	159 1/2	159 1/2	159 1/2	159 1/2 160 3/4	162	162
T/T Straits	86.120	87 3/4	87 3/4	87 3/4	87 3/4 87	86 1/4	86 1/4
Bk's buying rates 4 m/s B/L. Cred. D/A	2/10.300	2/9 3/4	2/9 3/4	2/9 3/4	2/9 3/4 2/10	2/10 1/4	2/10 1/4
4 m/s ,, D/P	—	2/9 7/8	2/9 7/8	2/9 7/8	2/9 7/8 2/10 1/8	2/10 3/8	2/10 3/8
6 m/s ,, B/L Cred D/A	2/10.612	2/10 1/16	2/10 1/16	2/10 1/16	2/10 1/16 2/10 5/16	2/10 9/16	2/10 9/16
4 m/s B/F Cred D/A or D/P	1,758,000	1730	1730	1730	1730 1745	1755	1755
4 m/s N.Y.Lc.	68.620	67 1/2	67 1/2	67 1/2	67 1/2 68	68 1/2	68 1/2
4 m/s ,, Docs	—	68	68	68	68 68 1/2	69	69

†Based on Daily Official quotation higher rate taken on rising Market, lower when falling.	July 19	July 20	July 21	July 23	July 24	July 25
*London Price of Bar Silver per oz. (English Standard 925 touch)...Pence	27 1/8	27 1/8	27 1/16	27 1/8	27 7/16	27 5/16
**New York Price of Bar Silver per oz. (Pure)	G. $.58 7/8	G. $.58 7/8	G. $.58 5/8	G.$.58 3/4	G.$ 59 5/8	G. $.59 1/2
Shanghai Price of Gold Bars (weight Tls. 10 (Chauping) 978 touch).....	Tls. 346 70	Tls. 348 70	Tls. 346 70	Tls. 337 70	Tls. 339 1	Tls. 339
Shanghai Silver Bars (weight Tls. 100 (C.) 999 touch)	110 90	110 90	110 90	110 90	110 90	110 90
Shanghai Mexican Dollars per $100.....	72.1625	72.1375	72.1625	72.15	72.1625	72.1625
Native Bank Rate of Interest (Call money)	1%	1%	1%	1%	1%	
*Closing Price in London for Previous day						
**Closing Price in New York for Previous day						

Bank of England rate of discount	4½%	London Paris on	T/T 124.12
Bank of France rate of discount	3½%	New York on London	T/T 485 15/32
London open Market of Dis. 3 m/s	4 1/16%	Bombay on London	T/T 1/5 27/32
,, 4 ,,	4 1/16%	Hongkong on London	T/T 2/0 3/8
,, 6 ,,	4 1/16%	Kobe on London	T/T 1/10 1/2



What the Ships Carry between America and China

Return of the Shanghai Customs

Pls.—1 Picul or 133 1/3 pounds; Bls.—Bales; Pcs.—Pieces; Mille—thousands; Hk. Tls.—Haikwan Tls.; June Customs Rate Tls. 1.35 equal Gold $1

PRESIDENT HAYES, June 15.

To U. S. A.

Tea, Black, other kinds, Kiukiang	Pls.	67
Bristles	Pls.	468
Brassware	,,	13
Egg Albumen, Dried	,,	84
,, Yolk, Dried	,,	300
,, ,, Moist	,,	765
Egg, Whole, Moist	,,	2,400
Hides, Buffalo	,,	138
Wool, Sheep's	,,	213
Skins, Goat, Untanned	,,	358
Tungsten Ore	,,	2,100
Skins, Doe, Untanned	Pcs.	900
Carpets	Hk Tls.	1,442

PRESIDENT MADISON June 15.

To U. S. A.

Tea, Green:		
Gunpower, Ningpo	Pls.	35
Young Hyson, Hangchow	,,	93
Hyson, Hangchow	,,	72
Tea Black, other kinds, Kiukiang	Pls.	21
Cotton Drawn-thread Work	,,	13
,, Rags, Dirty	,,	1,031
Brassware	,,	79
Bristles, Assorted	,,	25
Egg Albumen, Dried	,,	72
Egg Yolk, Dried	,,	465
Hair, Human	Pls.	38
,, Horse	,,	112
Intestines, Goat Salted	,,	5
Lead Type	,,	5
Oil, Wood	,,	18,150
Wool, Sheep's	,,	279
Woodware	,,	10
Skin Mats, Dog, Tanned	Pcs.	5,075
Skins, Raccoon, Untanned	,,	500
,, Leopard, Untanned	,,	246
,, Weasel, with Tails, Untanned	,,	8,000
Bags, Straw	,,	4,126
Lace, Hand-made	Hk. Tls	1,372

FORRESBANK, June 14.

from U. S. A.

Steel Plate Cuttings	Pls.	2,131
,, Sheets, under 1/8 in. thick	,,	16
Tinned Plates, Plain	,,	2,283
Paper, Chipboard	,,	1,292
Soda, Bicarbonate of	,,	386
Tobacco, Leaf	,,	2,491
,, Prepared, in Tins	,,	15
Cigarettes	Mille	10

PRESIDENT JACKSON, June 15.

From U. S. A.

Antifriction Metal	Pls.	17
Copper Ingots	,,	420
Iron Nails, Wire	,,	2
,, Pipes and Fittings	,,	68
Steel Angles	,,	476
,, Pipes and Fittings	,,	18
Borax, Granulated	Pls.	336
Butter	,,	13
Cheese	,,	4
Hops	,,	12
Leather, Calf, Coloured	,,	3
Milk, Evaporated	,,	112
Oranges, Fresh	,,	440
Paper, Unclassed	,,	762
Raisins, Seedless	,,	1,733
Soap, Laundry	,,	228
Sugar, Demi-cube	,,	11
Chocolate	Lb.	288
Cigarettes "Chesterfield"	Mille	4,020
Lemons, Fresh	,,	89
Bedsteads	Pcs.	314
Oil, Lubricating, Mineral	Galls.	660
Treasure:		
Gold Bars	Hk. Tls.	70,492
Silver Bars	,,	860,116

ASUKA MARU, June 25.

To U. S. A.

Antimony Oxide	Pls.	420
,, Regulus	,,	1,260
Chinaware, Coarse	,,	33
,, Fine	,,	92
Egg Yolk, Dried	,,	53
Hog Casings	,,	23
Nutgalls	,,	168
Oil, Wood	,,	453
Wool, Sheep's	,,	890
Skins, Mole, Untanned	Pcs.	1,947
,, Piemian, Untanned	,,	1,947

CHICKASAW CITY, June 28

From U. S. A.

Iron Galvanized: Nails	Pls.	30
,, Nails, Wire	,,	14,308
Steel, Galvanized:		
Sheets, Plain	,,	1,419
Wire	,,	1,633
,, Shorts	,,	840
Steel Sheets under 1/8 in thick	,,	4,150
Tinned Plates, Old	,,	300
,, ,, Plain	,,	5,025
Tobacco Stalk	,,	188
Soda, Bicarbonate of	,,	294

PRESIDENT McKINLEY, June 30.

From U. S. A.

Adding Machines	Pcs.	12
Motor-cars	,,	3
Typewriters	,,	1
Copper Plates, Polished	,,	2
,, Sheets	,,	4
Lead, in Pigs	,,	842
Lead-foil and Tin-foil	,,	563
Tinned Plates, Damaged	,,	47
,, ,, Plain	,,	111
Ammonia, Sulphate of	,,	840
Canned Asparagus	,,	123
,, Fruits	,,	237
Bacon	,,	2
Borax, Powdered	,,	168
Butter	,,	14
Hams	,,	4
Ink, Printing	,,	244
Leather, Calf, Coloured	,,	6
,, Sole	,,	54
Milk, Evaporated	,,	1,054
Oranges, Fresh	,,	317
Paper, Chipboard	,,	746
Rubber, Packing	,,	4
Sugar Cube	,,	14
Lemons, Fresh	Mille	17
Oil, Lubricating, Mineral	Galls.	1,011
Varnish	,,	217
Treasure:		
Gold Bars	Hk. Tls.	140,136
Silver Bars	,,	988,468

Latest New York Stock Exchange Quotations

Market Closed Irregular. Tel. 18891-18990 July 25

Market Closed Weak. Business done 1,750,000

STOCK	Monday July 23	Tuesday July 24
Allied Chemical & Dye (Common)	176	177
Allis Chalmers	125	None
American Can (Common)	84⅝	88⅝
American Locomotive	96½	97
American Radiator	142	143½
American Smelting	195	193¼
American Telephone & Tel. (Common)	172⅜	173⅜
American Tobacco "B"	160	160
Armour & Co. "A"	18¼	18½
Armour & Co. (Ill.) 7% Pfd.	85¾	86
Anaconda Copper	67	66⅞
Baltimore & Ohio	105¼	105⅛
Bank of Montreal	355	350
Bethlehem Steel (Common)	56⅞	56
Bethlehem Steel, 7% Pfd.	None	116¾
Canadian Marconi	7	6¾
Canadian Pacific Railway	202	203
Canada Dry Ginger Ale	71⅝	70⅝
Cerro de Pasco	75⅜	75½
Chrysler	73⅜	73¼
Consolidated Gas of New York	141¼	143¼
Coty Incorporated	175	177
Du Pout de Nemours E. I. (Common)	372	370
Eastman Kodak	183	193¼
Electric Investors	62	60¾
Fox Film "A"	79⅜	79¾
General Cigar	62	62
General Motors	187⅜	185⅞
Hudson Motor Car	81	79⅝
Industrial Rayon	91	87
International Cement (Common)	63⅛	64
International Match, Pfd.	104¼	103⅛
International Nickel (Common)	93¼	92¼
International Products Corp. (Common)	None	None
International Products Corp., Pfd.	None	None
International Telephone & Teleg.	167	168⅜
Kelvinator	12	10
Kennecott Copper	94⅞	94
Liggett & Myers, Class "B"	87½	88¾
Loews Inc.	52⅞	53
Lorillard Company (Common)	24¾	27⅝
Mack Trucks (Common)	91	91
Madison Square Garden	26¼	26¾
Missouri Pacific By.	60⅞	61⅜
New York Air Brake Co.	None	None
New York Central (Common)	159⅛	160⅞
North German Lloyd 6's 1947	None	None
Pacific Gas & Electric Co.	47⅞	47
Packard Motor Car Co. (Common)	73	72⅝
Pennsylvania Railroad	63⅞	63⅞
Radio Corporation	168⅜	167
Remington Rand (Common)	29¼	29
Reynolds Tobacco, "B"	132¼	132⅛
Sears, Roebuck & Co.	118¼	116¾
Standard Gas & Electric (Common)	64	64
Standard Oil of California	57	57½
Standard Oil of Indiana	74⅜	74⅜
Standard Oil of New Jersey	43⅛	43⅛
Standard Oil of New York	33½	33⅜
Texas Corporation (Common)	59¼	59¼
Texas Gulf Sulphur	67⅜	67¾
Timken Roller Bearing	119⅜	121⅞
Union Carbide	158¾	158¼
Union Pacific Railroad (Common)	192¼	193
United States Leather	65	65
United States Realty & Imp Co.	80	None
United States Rubber (Common)	31	31⅜
United States Rubber, 8% Pfd.	61⅜	62½
United States Steel	138⅛	138⅞
Westinghouse Electric (Common)	94	93½
Underwood Elliott	66¾	67½
Wright Aeronautical	154½	151½

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, well commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow known as the *"Garden City of the Orient"*, Wusih, the pictureque city on Lake Tai-hu, Chinkiang, the *"Gate of the Yangtze River"*, and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with its picturesque surroundings that it has been well called the *"Switzerland of China"*. Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai at Shanghai North Station.

45-384

Chinese Government Railways

Peking-Hankow Line

"The Road Through the Heart of China"

For the safety of the travelling public, guard vans with armed police are provided for every train and more than 400 armed railway policemen are on duty at the various large stations.

To facilitate the passengers in making fast connections, local trains are run between Chengchow and Chang Teh and between Hankow and Kouang Choei.

To meet the demands of the travelling public, third class tickets are sold on the Special Express Trains running between Hankow and Chengchow with only a small additional charge.

For the comfort and convenience of the passengers, the Dining and Sleeping cars are newly embellished with all modern improvements.

For quick transportation of goods, many additional freight trains are scheduled under the supervision of our Traffic Department.

In spite of the urgent demand for troop trains, our regular trains are always operated on scheduled time.

TIME TABLE

TRAIN	DEPART FROM	ARRIVE AT
* 1 Express	Hankow (T.C.M.) Every Monday 10 P.M.	Chengchow Every Tues. 6:55 P.M.
+ 2 Express	Chengchow Every Thurs. 10 P.M.	Hankow (T.C.M.) Every Fri. 8:40 P.M.
‡ 5 Local	Hankow (T.C.M.) 6:10 P.M. Daily	Chengchow 6:43 A.M. Third Day
6 Local	Chengchow 7:15 P.M. Daily	Hankow (T.C.M.) 6:48 A.M. Third Day
51 Local	Chengchow 8:00 A.M. Daily	Chang Teh 5:00 P.M.
52 Local	Chang Teh 8:23 A.M. Daily	Chengchow 5:45 P.M.
74 Local	Hankow (Y.T.M.) 7:30 A.M. Daily	Kouang Choei 1:38 P.M.
75 Local	Kouang Choei 8:00 A.M. Daily	Hankow (Y.T.M.) 2:10 P.M.

REMARKS: *With First and Second Class Sleeping and Dining Cars. +Third Class tickets are sold on this train with a small additional charge. ‡With 1st, 2nd, 3rd Class Cars and Dining Cars.

Telegraphic Address "KINCO" Code A. B. C. 5th Edition. For further information, address Mr. C. H. Yang, Managing Director, Peking-Hankow Line, Hankow.

Lung-Hai and Pien-Lo Lines

In Operation: From Tapu (Haichow) to Lingpao: 825 Kilometers

In Construction: From Lingpao to Sianfu: 225 Kilometers

"The Great Overland Route in China"

This Line will soon become the most important Railway in China, connecting as it will, the remote provinces of Kansu, Shensi and Honan with the sea and passing through the ancient and famous capitals of Lanchow, Sian, Loyang and Kaifeng.

There are many points of historical interest to visit along the line, the best known being Lung-Men with its gigantic display of carved stone Buddhas, dating back from the introduction of Buddhism into China, some 2000 years ago.

The Lunghai and Pienlo Lines are connected at Hsuchow with the Tientsin-Pukow Railway and at Chengchow with the Peking-Hankow Railway.

An "Express" train runs thrice a week between Hsuchow and Chengchow leaving Hsuchow Monday, Wednesday and Friday, and leaving Chengchow Tuesday, Thursday and Saturday. This train is provided with 1st and 2nd class cars, sleeping and dining accommodations.

For further particulars, intending passengers are requested to apply to the Shanghai Office, Lunghai Railway Administration, at the Chung-Foo Bank Building, 25 Jinkee Road.

Shanghai

AS PURE AS THE LILY!

SO ARE

CAPSTAN

MANUFACTURED IN ENGLAND

SOLD EVERYWHERE

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